

## STATEMENT OF SCOPE

### Department of Financial Institutions Division of Corporate and Consumer Services

**Rule No.:** DFI-CCS 1, 2, 3, 4, 5, 6, 7, 10, and 20

**Relating to:** Elimination of rules made obsolete or redundant by 2021 Wisconsin Act 258; various updates to Uniform Commercial Code rules

**Rule Type:** Permanent

**1. Finding/nature of emergency (Emergency Rule only):**

N/A

**2. Detailed description of the objective of the proposed rule:**

These proposed amendments make two categories of changes to administrative rules administered by the Department of Financial Institutions, Division of Corporate and Consumer Services (the Division). First, the proposed changes implement the newly enacted 2021 Wisconsin Act 258, which affects partnerships, limited liability companies, and other entities required to file business records with the division, by eliminating rules that are no longer necessary in light of the new provisions of the Act. For example, the Act's language includes the substantive content of existing DFI-CCS 10.04; because that content is now set forth in statute, the administrative rule is redundant and unnecessary.

Second, the proposed rule changes update various provisions relating to the Uniform Commercial Code to reflect minor changes in technology and practices – as well as minor changes to the language of the model administrative rules promulgated by the Secured Transactions Section of the International Association of Commercial Administrators (“IACA”) – that have occurred in the 20 years since DFI-CCS 1 through 7 were originally promulgated in this state. In addition, to incentivize online filings and reduce administrative costs to the public, the proposed rules would also increase fees for filing documents on paper where an online option is available and update certain search and document fees to more closely reflect the department's costs.

**3. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

The proposed rules implement existing policies favoring clear administrative rules that are consistent with state statutory law without merely being redundant of it. With regard to the Uniform Commercial Code revisions, the proposed rules would also serve the harmonization objectives described in s. 409.526 (2), Wis. Stats. To that end, the Department has consulted with IACA members (which administer the Uniform Commercial Code in their respective states) and taken into consideration their rules, practices, and technology as reflected in the most recent version of that organization's model administrative rules.

**4. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

With regard to DFI-CCS 10.04 (1), the statutory provision that authorized the Department to promulgate the rule has been repealed by Act 258. Therefore, the Department anticipates repealing this section.

Section 409.526 of the Wisconsin Statutes grants the Department the authority to "promulgate filing-office rules to implement" chapter 409 of Wisconsin Statutes, which governs secured transactions under the Uniform Commercial Code. For purposes of harmonization, when considering such rules, the Department must consult the most recent version of the IACA model rules and the rules, practices, technology, and experiences of filing offices in other states.

**5. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

75-150 hours

**6. List with description of all entities that may be affected by the proposed rule:**

The proposed changes are intended to clarify the rules and eliminate provisions that are redundant or obsolete. While those anticipated changes will be generally beneficial in preventing confusion among entities that file business records with the Department's Division of Corporate and Consumer Services, they are not expected to result in any material change in the Division's practices or the experience of filers.

**7. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

Not applicable.

**8. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

These proposed rules would not have a material economic impact upon the Department or those

business entities that file documents with the Department's Division of Corporate and Consumer Services.

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