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SENATE BILL 5197

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State of Washington

53rd Legislature

1993 Regular Session

By Senators Sutherland and Moore

Read first time . Referred to Committee on .

1 AN ACT Relating to apprenticeship for securities brokers; amending  
2 RCW 21.20.060; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that the business  
5 ethics and practices of securities brokers can impact the financial  
6 viability of clients.

7 The legislature further finds that many professions over the  
8 centuries have benefited from the quality control effect provided by  
9 the apprenticeship systems, whereby less experienced workers apprentice  
10 themselves to those who are more advanced, working in a mentor-  
11 apprentice relationship for a set time.

12 The ethical standards and business judgment of brokers studying to  
13 become licensed in the state of Washington can be enhanced by the  
14 institution of a required one-year apprenticeship with a duly licensed  
15 broker as a precondition of licensure.

16 **Sec. 2.** RCW 21.20.060 and 1965 c 17 s 1 are each amended to read  
17 as follows:

1       The application shall contain whatever information the director  
2 requires concerning such matters as:

3       (1) The applicant's form and place of organization;

4       (2) The applicant's proposed method of doing business;

5       (3) The qualifications and business history of the applicant and in  
6 the case of a broker-dealer or investment adviser, any partner,  
7 officer, or director;

8       (4) Any injunction or administrative order or conviction of a  
9 misdemeanor involving a security or any aspect of the securities  
10 business and any conviction of a felony; ~~((and))~~

11       (5) The applicant's financial condition and history; and

12       (6) Identifying details of the applicant's one-year apprenticeship  
13 with a licensed securities broker.

14       The director of licenses or the duly appointed administrator may by  
15 rule require a minimum capital for registered broker-dealers and  
16 investment advisers or prescribe a ratio between net capital and  
17 aggregate indebtedness by type or classification.

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