

WSR 23-08-058
PREPROPOSAL STATEMENT OF INQUIRY
DEPARTMENT OF
FINANCIAL INSTITUTIONS
(Securities Division)
[Filed April 3, 2023, 3:08 p.m.]

Subject of Possible Rule Making: The securities division is soliciting comments on the possible amendment of the rules regarding broker-dealers and salespersons of broker-dealers in chapters 460-20B, 460-21B, and 460-22B WAC.

Statutes Authorizing the Agency to Adopt Rules on this Subject: RCW 21.20.450.

Reasons Why Rules on this Subject may be Needed and What They Might Accomplish: The securities division is considering possible amendments to the broker-dealer rules in chapters 460-20B, 460-21B, and 460-22B WAC. Many of these rules have not been substantively amended since the 1990s. The securities division is considering amendments to bring the rules up to date with federal rules, incorporate North American Securities Administrators Association model rules, and describe the application filing procedures and requirements for broker-dealers and salespersons, among other possible updates.

Other Federal and State Agencies that Regulate this Subject and the Process Coordinating the Rule with These Agencies: The Securities Act of Washington regulates broker-dealers and securities salespersons doing business in Washington. The United States Securities and Exchange Commission (SEC) also regulates broker-dealers and has delegated the regulation of certain broker-dealers to the Financial Industry Regulatory Association (FINRA), a self-regulatory organization. The state regulation of broker-dealers is subject to certain provisions of the National Securities Markets Improvement Act of 1996 (NSMIA). NSMIA restricts states from making laws or rules that establish capital, custody, margin, financial responsibility, recordkeeping, bonding, or financial or operational reporting requirements for broker-dealers that are different from, or in addition to, the requirements in those areas established under federal law. Accordingly, any rules created by the securities division in these specified topic areas must be consistent with federal law and SEC and FINRA rules. The securities division retains fraud jurisdiction and the ability to make state-specific rules in the topic areas not restricted by NSMIA.

Process for Developing New Rule: The securities division is soliciting comments from interested persons and will adopt rules only after considering public comments.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting Jill Vallely, P.O. Box 9033, Olympia, WA 98507-9033, phone 360-902-8760, fax 360-704-7035, TTY 360-664-8126, email jill.vallely@dfi.wa.gov, website <https://dfi.wa.gov/securities>.

April 3, 2023
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Securities Administrator