Chapter 460-20B WAC
BROKER-DEALER REGISTRATION

WAC

460-20B-010 Application.
460-20B-020 Definitions.
460-20B-030 Registration procedure.
460-20B-035 Canadian broker-dealers and salespersons.
460-20B-040 Examination requirements.
460-20B-050 Expiration of broker-dealer license, renewal procedure, and delinquency fees.
460-20B-060 Notice of changes by broker-dealers.

WAC 460-20B-010 Application. The rules contained in this chapter apply to broker-dealers (other than mortgage broker-dealers under chapter 460-33A WAC).

[Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-010, filed 7/21/95, effective 8/21/95.]

WAC 460-20B-020 Definitions. For the purposes of this chapter and chapters 460-21B, 460-22B, and 460-23B WAC:

(1) "Central Registration Depository" ("CRD") shall mean the national registration system operated by the National Association of Securities Dealers, Inc. pursuant to a contract with the North American Securities Administrators Association.

(2) "Balance sheet" shall mean a balance sheet prepared in accordance with generally accepted accounting principles.

(3) "Branch office," for the purpose of this chapter, shall mean any office, residence or other place or location in this state where the business of a registered broker-dealer is conducted and which is owned or controlled by, or operated directly or indirectly for the benefit of, the registered broker-dealer, and where the business of a broker-dealer is conducted by a principal, salesperson, or salespersons for such registered broker-dealer, except that the following are not considered branch offices:

(a) Any location identified in a telephone directory line listing or on a business card or letterhead, which listing, card, or letterhead also sets forth the address and telephone number of the office from which persons conducting business from the location are directly supervised;

(b) Any location referred to, in an advertisement by a broker-dealer, by its local telephone number or local post office box provided that such reference may not include the street address of the location and that such reference also sets forth the address and telephone number of the office from which persons conducting business at the location are directly supervised;

(c) Any location identified by address in a broker-dealer's sales literature, provided that the sales literature also sets forth the address and telephone number of the office from which persons conducting business at the location are directly supervised; or

(d) The principal office of the broker-dealer.

(4) "OTC non-NASDAQ equity securities" shall mean equity securities not traded on a national securities exchange or on NASDAQ. Equity securities quoted on the NASD's OTC Bulletin Board are OTC non-NASDAQ equity securities.

[Statutory Authority: RCW 21.20.450. 95-24-002, § 460-20B-020, filed 11/22/95, effective 12/23/95. Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-020, filed 7/21/95, effective 8/21/95.]

WAC 460-20B-030 Registration procedure. (1) Broker-dealers that are members of the National Association of Securities Dealers must:

(a) Submit Form BD designating Washington as a state in which the broker-dealer requests registration to the Central Registration Depository together with the required fee; and

(b) Submit to the securities division in a form acceptable to the administrator such additional information as the administrator may require.

(2) Broker-dealers that are not members of the National Association of Securities Dealers must submit the following to the securities division:

(a) A check for the required fee made out to "state treasurer";

(b) A complete Form BD;

(c) Balance sheet as of a date not more than ninety days before the date of filing, and computation of net capital and aggregate indebtedness ratio of the same date as the balance sheet;

(d) A copy of any subordination agreement;

(e) Proof of passage of qualifying examinations by the designated principals;

(f) Such other information as the administrator may require.

[Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-030, filed 7/21/95, effective 8/21/95.]

WAC 460-20B-035 Canadian broker-dealers and salespersons. (1) A Canadian broker-dealer that is resident in Canada and has no office or other physical presence in the United States and is not an office of, branch of, or a natural person associated with, a broker-dealer otherwise registered in the United States may transact business in this state without registering as a broker-dealer pursuant to RCW 21.20.040 under the following conditions:

(a) The business transacted by the Canadian broker-dealer must be limited to:

(i) Transactions subject to the exemption provided by RCW 21.20.320(8);

(ii) Transactions with or for a Canadian person who is temporarily present in this state and with whom the Canadian broker-dealer had a bona fide customer relationship before the person entered this state; or

(iii) Transactions with or for a Canadian person in a self-directed tax advantaged retirement plan in Canada of which that person is the holder or contributor; and

(b) The Canadian broker-dealer must:

(i) File the following with the securities administrator:

(A) A notice in the form of that person's current application for registration required by the jurisdiction in which that person's head office is located; and

(B) A consent to service process pursuant to RCW 21.20.330; and

(ii) Be a member of a self-regulatory organization or stock exchange in Canada; and

(iii) Maintain provincial or territorial registration and membership in a Canadian self-regulatory organization or stock exchange in good standing; and

(c) Disclosure must be made to the customers in this state that the Canadian broker-dealer is not subject to the full regulatory requirements of the Securities Act of Washington.

(2) A Canadian securities salesperson representing a Canadian broker-dealer transacting business in this state pursuant to subsection (1) of this section need not register pursuant to RCW 21.20.040 provided that he or she is registered in good standing in the appropriate Canadian jurisdiction.

(3) Transactions by Canadian broker-dealers and their salespersons pursuant to subsections (1) and (2) of this section will be deemed not to involve the "offer" or "sale" of a security, as those terms are defined in RCW 21.20.005, for purposes of compliance with RCW 21.20.140. Nothing in this section shall affect the duty of the Canadian broker-dealer and its agents to comply with RCW 21.20.010 and the rules promulgated thereunder.

[Statutory Authority: RCW 21.20.450. 12-10-051, § 460-20B-035, filed 4/30/12, effective 5/31/12; 96-15-062, § 460-20B-035, filed 7/17/96, effective 8/17/96.]

WAC 460-20B-040 Examination requirements. (1) In order to be licensed in this state as a broker-dealer, the individual applicant, an officer if the applicant is a corporation, a manager if the applicant is a limited liability company, or a general partner if the applicant is a partnership, shall pass the following examinations:

(a) The uniform securities agent state law examination (series 63); or the uniform combined state law examination (series 66); and

(b) The appropriate qualifying examination or examinations administered by such national securities association for the activities in which the broker-dealer is to engage.

(2) If the individual officer who takes the examination on behalf of a corporate applicant or the individual general partner who takes the examination on behalf of a partnership ceases to be an officer or general partner, then the broker-dealer must notify the securities administrator of a substitute officer or general partner who has passed the same category of examination specified in subsection (1) of this section within two months of the date of substitution in order to maintain the broker-dealer's license.

[Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-040, filed 7/21/95, effective 8/21/95.]

WAC 460-20B-050 Expiration of broker-dealer license, renewal procedure, and delinquency fees. The broker-dealer licenses issued pursuant to this chapter shall be effective until December 31 at which time they shall be renewed or be delinquent. For any renewal application postmarked after the expiration date but received by the administrator on or before March 1, the licensee shall pay a delinquency fee of one hundred dollars in addition to the renewal fee. No renewal applications will be accepted thereafter.

[Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-050, filed 7/21/95, effective 8/21/95.]

WAC 460-20B-060 Notice of changes by broker-dealers. (1) Each licensed broker-dealer shall, upon any change in the information contained in its application for a certificate (other than financial information contained therein), promptly file an amendment to such application setting forth the changed information (and in any event within thirty days after the change occurs).

(2) Each licensed broker-dealer shall notify the administrator of the employment of any new agent in Washington, giving the full name and Social Security number of the individual involved, the date of employment, and the location of the office in which he or she will be employed by submitting a completed NASD Form U-4 to the administrator or the administrator's designee within twenty-one days after the event occurs.

(3) Each licensed broker-dealer shall notify the administrator of the termination of employment of any agent in Washington by submitting a completed NASD Form U-5 to the administrator or the administrator's designee, within thirty days after the event occurs.

(4) With respect to any broker-dealer registered under the Securities Exchange Act of 1934, it shall be sufficient compliance with subsection (1) of this section if a copy of an amendment to Form BD of the Securities and Exchange Commission containing the required information, or transmitted for filing to, the administrator not later than the date on which such amendment is required to be filed with the Securities and Exchange Commission.

[Statutory Authority: RCW 21.20.070 and 21.20.450. 95-16-026, § 460-20B-060, filed 7/21/95, effective 8/21/95.]