



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: September 12, 2024

TIME: 4:09 PM

WSR 24-19-055

Agency: Department of Financial Institutions, Securities Division

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain:

Purpose: The Department of Financial Institutions hereby adopts a new chapter of rules for broker-dealers and salespersons of broker-dealers at Chapter 460-20C WAC, and repeals the rules in Chapters 460-20B WAC, 460-21B WAC, and 460-22B WAC. The new chapter updates the rules consistent with current federal law and FINRA rules, incorporates NASAA model rules, and describes the current application procedures and registration requirements for broker-dealers and salespersons of broker-dealers.

Citation of rules affected by this order:

New: WAC 460-20C-010, WAC 460-20C-015, WAC 460-20C-020, WAC 460-20C-025, WAC 460-20C-030, WAC 460-20C-035, WAC 460-20C-040, WAC 460-20C-045, WAC 460-20C-050, WAC 460-20C-060, WAC 460-20C-080, WAC 460-20C-090, WAC 460-20C-100, WAC 460-20C-110, WAC 460-20C-120, WAC 460-20C-130, WAC 460-20C-140, WAC 460-20C-150, WAC 460-20C-160, WAC 460-20C-170, WAC 460-20C-180, WAC 460-20C-190, WAC 460-20C-200, WAC 460-20C-210, WAC 460-20C-220.

Repealed: WAC 460-20B-010, WAC 460-20B-020, WAC 460-20B-030, WAC 460-20B-035, WAC 460-20B-040, WAC 460-20B-050, WAC 460-20B-060, WAC 460-21B-008, WAC 460-21B-010, WAC 460-21B-020, WAC 460-21B-030, WAC 460-21B-040, WAC 460-21B-050, WAC 460-21B-060, WAC 460-21B-070, WAC 460-22B-010, WAC 460-22B-020, WAC 460-22B-030, WAC 460-22B-040, WAC 460-22B-050, WAC 460-22B-060, WAC 460-22B-090.

Amended:

Suspended:

Statutory authority for adoption: RCW 21.20.070, RCW 21.20.450

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 24-11-013 on May 6, 2024 (date).

Describe any changes other than editing from proposed to adopted version:

The Securities Division deleted the proposed unethical practice for broker-dealers that was located at WAC 460-20C-210(50) in the proposed rules. The provision would have made it an unethical practice for broker-dealers to “allow[] an individual who is not registered as a salesperson in Washington to enter trades on behalf of a retail customers of the broker-dealer who are located in Washington, unless an exemption from registration would apply.”

The Securities Division revised the exam validity extension provision at WAC 460-20C-040(2)(c) and (d) to add the clause “but were registered as a salesperson in at least one jurisdiction for at least one year immediately preceding the termination of the salesperson registration.” This language is consistent with the current eligibility requirements for participating in FINRA’s Maintaining Qualifications Program.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:
Web site:
Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	<u>1</u>	Amended	___	Repealed	___
Federal rules or standards:	New	<u>18</u>	Amended	___	Repealed	<u>3</u>
Recently enacted state statutes:	New	<u>2</u>	Amended	___	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New	<u>25</u>	Amended	___	Repealed	<u>22</u>
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>25</u>	Amended	___	Repealed	<u>22</u>
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The number of sections adopted using:

Negotiated rule making:	New	<u>25</u>	Amended	___	Repealed	<u>22</u>
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: 9/12/2024

Name: Charlie Clark

Title: Director, Department of Financial Institutions

Signature:

