



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

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FILED

DATE: March 09, 2018

TIME: 2:41 PM

WSR 18-07-024

Agency: Department of Financial Institutions, Securities Division

Subject of possible rule making: The Securities Division is soliciting comments on the possible amendment of the investment adviser rules in Chapter 460-24A WAC.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.005; RCW 21.20.020; RCW 21.20.030; RCW 21.20.040; RCW 21.20.050; RCW 21.20.060; RCW 21.20.070; RCW 21.20.080; RCW 21.20.100; RCW 21.20.330; RCW 21.20.340; RCW 21.20.450; RCW 21.20.702.

Reasons why rules on this subject may be needed and what they might accomplish: The Securities Division is considering possible amendments to the investment adviser rules in Chapter 460-24A WAC. Potential amendments include the adoption of a requirement for cybersecurity policies and procedures, the adoption of a requirement for an investment adviser code of ethics consistent with SEC rules, the codification of existing interpretive and policy statements, an update of the definition of "qualified client" to conform to the federal definition, and other clarifications, updates, or corrections.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The U.S. Securities and Exchange Commission ("SEC") regulates investment advisers and requires the registration of investment advisers that have \$100 million or more of assets under management. The Securities Division regulates investment advisers under the Securities Act of Washington, Chapter 21.20 RCW, and requires registration of those that do business in our state with less than \$100 million in assets under management. The Securities Division periodically reviews its investment adviser rules for consistency with federal rules, but in doing so considers the differences between the smaller advisers that register at the state level and the larger advisers that register with the SEC.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) 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:

Name: Jill Vallely, Esq.	(If necessary) Name:
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Other:	Other:

Additional comments:

Date: 03/09/2018

Name: William M. Beatty

Title: Securities Administrator

Signature: