



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017) (Implements RCW 34.05.310) Do NOT use for expedited rule making

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STATE OF WASHINGTON
FILED

DATE: March 27, 2018

TIME: 2:42 PM

WSR 18-08-037

Agency: Department of Financial Institutions, Securities Division

Subject of possible rule making: The Securities Division is commencing the rulemaking process to adjust the filing fees required for initial and renewal applications for registration as an investment adviser, broker-dealer, investment adviser representative, and securities salesperson, in addition to the initial and renewal notice filing fees for federal covered advisers, upward by no more than fifteen dollars to defray the costs of administering the Securities Act of Washington, chapter 21.20 RCW.

Statutes authorizing the agency to adopt rules on this subject: RCW 21.20.340 and RCW 43.320.110 as amended by Senate Bill 6024 (2018)

Reasons why rules on this subject may be needed and what they might accomplish: On March 22, 2018, Governor Jay Inslee signed into law Senate Bill 6024, which authorizes the Director of the Department of Financial Institutions to increase the fees set forth in RCW 21.20.340 upward by no more than fifteen dollars upon a finding that a fee increase is necessary to defray the costs of administering the Securities Act of Washington. The Securities Division's annual expenditures have exceeded its revenues cumulatively by approximately \$14.4 million since fiscal year 2004. The Securities Division's yearly deficits are projected to continue through fiscal year 2019, resulting in an approximate \$7.5 million deficit in fund balance for the Division, far below the recommended minimum fund balance of \$1.6 million. To address this deficit, the Securities Division plans to increase the fees associated with initial and renewal applications for registration as an investment adviser, broker-dealer, investment adviser representative, and securities salesperson, in addition to the initial and renewal notice filing fees for federal covered advisers, upward by no more than fifteen dollars. The full amount of any fee increase will be allocated to the Securities Division.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: Investment advisers, investment adviser representatives, broker-dealers, and securities salespersons are regulated federally by the Securities and Exchange Commission as well as by securities regulatory agencies in other states. It is not necessary to coordinate our filing fees with those of other agencies.

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 the consideration of 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: Faith L. Anderson, Esq.	(If necessary) Name:
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Email: faith.anderson@dfi.wa.gov	Email:
Web site: https://dfi.wa.gov/securities/rulemaking	Web site:
Other:	Other:

Additional comments:

Date: March 27, 2018	Signature: 
Name: William M. Beatty	
Title: Securities Administrator	