



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

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FILED

DATE: June 15, 2018

TIME: 1:48 PM

WSR 18-13-076

Agency: Department of Financial Institutions

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 18-08-037 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) The Securities Division proposes 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 and notice filing fees for federal covered advisers, upward by ten dollars to defray the costs of administering the Securities Act of Washington, chapter 21.20, pursuant to RCW 21.20.340 and RCW 43.320.110 as amended by Senate Bill 6024 (2018).

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 26, 2018	3:00 p.m.	Dept. of Financial Institutions 150 Israel Road SW, Room 319 Tumwater, WA 98501	

Date of intended adoption: July 27, 2018 (Note: This is **NOT** the effective date)

Submit written comments to:

Name: Faith L. Anderson, Chief of Registration & Regulatory Affairs

Address: Securities Division; Department of Financial Institutions; P.O. Box 9033; Olympia, WA 98507-9033

Email: faith.anderson@dfi.wa.gov

Fax: 360-704-6480

Other:

By (date) _____

Assistance for persons with disabilities:

Contact Carolyn Hawkey

Phone: 360-902-8824

Fax: 360-902-0524

TTY: 360-664-8126

Email: Carolyn.hawkey@dfi.wa.gov

Other:

By (date) July 19, 2018

Purpose of the proposal and its anticipated effects, including any changes in existing rules: 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 revenues are insufficient to sustain its operations. To address this deficiency, the Securities Division now proposes 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 ten dollars with an effective date of January 1, 2019. The full amount of any fee increase will be allocated to the Securities Division.

Reasons supporting proposal: The Securities Division's annual revenues are insufficient to sustain its regular operations. 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. The proposed fee increase will correct the deficiencies in revenues that have persisted since fiscal year 2004.

Statutory authority for adoption: RCW 21.20.340 and RCW 43.320.110 as amended by Senate Bill 6024 (2018).

Statute being implemented: RCW 21.20.340 and RCW 43.320.110 as amended by Senate Bill 6024 (2018).

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Private
 Public
 Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Faith L. Anderson	150 Israel Road SW; Tumwater, WA 98501	360-902-8760
Implementation:	Joanne Jones	150 Israel Road SW; Tumwater, WA 98501	360-902-8760
Enforcement:	William M. Beatty	150 Israel Road SW; Tumwater, WA 98501	360-902-8760

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No
If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:
Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

No: Please explain: Pursuant to RCW 34.05.328(5)(b)(vi), a preliminary cost-benefit analysis is not required because the proposed rule would merely adjust fees pursuant to legislative standards.

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW ____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. _____
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

Date: June 15, 2018

Name: Gloria Papiez

Title: Director

Signature:

