



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: January 18, 2019

TIME: 3:50 PM

WSR 19-03-133

Agency: Department of Financial Institutions

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 amends the investment adviser rules in Chapter 460-24A WAC. The amendments update various provisions of the investment adviser rules, including the rules regarding examination and registration requirements, advertisements, custody, advisory contracts, performance compensation arrangements, books and records, and unethical business practices. The amendments add new rule sections or subsections addressing physical and cybersecurity policies and procedures, code of ethics, business continuity and succession plans, and material nonpublic information policies and procedures.

Citation of rules affected by this order:

New: WAC 460-24A-122, -126, -135, -190

Repealed:

Amended: WAC 460-24A-005, -030, -035, -040, -045, -047, -050, -055, -057, -060, -070, -071, -072, -100, -105, -106, -107, -108, -109, -110, -120, -125, -130, -145, -150, -170, -200, -205, -210, -220

Suspended:

Statutory authority for adoption: 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 21.20.090; RCW 21.20.100; RCW 21.20.330; RCW 21.20.340; RCW 21.20.450; RCW 21.20.702

Other authority: None.

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 18-23-017 on November 9, 2018 (date).

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

In response to comments received, the Department of Financial Institutions revised WAC 460-24A-100, WAC 46A-24A-120, WAC 46A-24A-122, WAC 46A-24A-125, and WAC 46A-24A-126 in order to remove references that indicated that these sections applied to federal covered advisers.

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>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Federal rules or standards:	New	<u>0</u>	Amended	<u>3</u>	Repealed	<u>0</u>
Recently enacted state statutes:	New	<u>1</u>	Amended	<u>0</u>	Repealed	<u>0</u>

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

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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The number of sections adopted on the agency's own initiative:

New	<u>4</u>	Amended	<u>30</u>	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>4</u>	Amended	<u>30</u>	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	<u>4</u>	Amended	<u>30</u>	Repealed	<u>0</u>
Pilot rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Other alternative rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>

Date Adopted: January 18, 2019

Name: Gloria Papiez

Title: Director

Signature:

