



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

P.O. Box 9033 • Olympia, Washington 98507-9033
Telephone (360) 902-8760 • TDD (360) 664-8126 • FAX (360) 902-0524 • Web Site: www.dfi.wa.gov/sd

Notice to Interested Parties

Update Regarding Possible Amendments to Investment Adviser Rules

June 20, 2018

As you are on our interested persons list, we are writing to provide an update regarding the Washington Securities Division's rulemaking to amend the investment adviser rules at Chapter 460-24A WAC.

On March 9, 2018, the Washington Securities Division filed a Preproposal Statement of Inquiry ([CR-101](#)) with the Code Reviser's Office stating that the Division was considering possible amendments to the investment adviser rules. The Securities Division has now prepared a draft of amendments.

The draft amendments would update various provisions of the investment adviser rules, including the rules regarding examination requirements, advisory contracts, performance compensation, and books and records. In addition, the draft amendments would add provisions requiring cybersecurity policies and procedures and a code of ethics, and would clarify the requirements for material non-public information policies and procedures and business continuity and succession plans. Many of these changes would make Washington's rules consistent with current federal law and NASAA model rules. The draft amendments also make various ministerial and Plain English updates, such as alphabetizing the definitions section.

Prior to formally proposing the rule amendments, the Securities Division must assess the impact of the amendments on small businesses in accordance with the Regulatory Fairness Act, Chapter 19.85 RCW. In order to understand how the draft rule amendments may affect investment advisers operating in Washington, the Securities Division is in the process of conducting a survey of its registered investment advisers, its exempt reporting advisers, and a representative sample of federal notice filed advisers. After the survey is completed, the Securities Division intends to proceed with the rulemaking process by filing a rulemaking proposal and request for comments.

Please find a copy of the [Draft Rule Amendments](#) at <https://dfi.wa.gov/rulemaking/investment-adviser-rules-amendments>. The Securities Division may make changes to the draft amendments based on feedback from the survey and comments received. If you have comments on the draft amendments, please submit them to jill.vallely@dfi.wa.gov. Please note that you will also have the opportunity to submit comments once we formally propose the rules.

If you have any questions regarding the rulemaking, please contact the undersigned by telephone at (360) 902-8801 or by e-mail at jill.vallely@dfi.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jill M. Vallely". The signature is written in a cursive style with a prominent initial "J" and a long, sweeping underline.

Jill M. Vallely, Esq.
Securities Division