

WSR 25-09-059
PREPROPOSAL STATEMENT OF INQUIRY
DEPARTMENT OF
FINANCIAL INSTITUTIONS
(Securities Division)
[Filed April 14, 2025, 9:19 a.m.]

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 21.20.450.

Reasons Why Rules on this Subject may be Needed and What They Might Accomplish: The securities division is considering amending the investment rules in chapter 460-24A WAC to bring the rules up-to-date with federal rules, incorporate North American Securities Administrators Association (NASAA) model rules, and make other possible updates and clarifications. Potential amendments include the revision of the definition of "qualified client" to be consistent with federal law, and the adoption of the NASAA model rule for unpaid arbitration awards, the NASAA model rule on investment adviser representative continuing education, and the NASAA investment adviser representative examination validity extension program model rule.

Other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The United States 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 SEC.

Process for Developing New Rule: 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 Jill Vallely, P.O. Box 41200, Olympia, WA 98504-1200, phone 360-902-8760, TTY 800-833-6388, email jill.vallely@dfi.wa.gov, website <https://dfi.wa.gov/>.

April 11, 2025
William M. Beatty
Securities Administrator