



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Financial Institutions, Securities Division

- Preproposal Statement of Inquiry was filed as WSR 14-13-058 ; 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).

- Original Notice
 Supplemental Notice to WSR _____
 Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

The Securities Division proposes to create a new rule at WAC 460-23B-070 regarding the termination of salespersons for issuers. The proposed rule will specify that if the employment or association of a salesperson for an issuer is terminated, the salesperson and the issuer must notify the Securities Division of the termination by filing Form U5 with the Division.

Hearing location(s):

Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Date: October 1, 2014 Time: 10:00 am

Date of intended adoption: October 2, 2014

(Note: This is NOT the effective date)

Submit written comments to:

Name: Jill Vallely
Address: Securities Division
PO Box 9033
Olympia, WA 98507-9033
e-mail: jill.vallely@dfi.wa.gov
fax (360) 704-7035 by (date) September 30, 2014

Assistance for persons with disabilities: Contact

Carolyn Hawkey, PO Box 9033, Olympia, WA 98507

TTY (360) 664-8126 or (360) 902-8760

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

RCW 21.20.080 states that if the employment or association of a salesperson for an issuer is terminated, the salesperson and the issuer must notify the Securities Division of the termination. However, RCW 21.20.080 does not specify how to make this notification. The Securities Division proposes a new rule at WAC 460-23B-070 to specify that the required notification shall be made by filing Form U5 with the Division.

Reasons supporting proposal: The rule will clarify how issuers and salespersons for issuers should comply with the existing statute. The Form U5 is the Uniform Termination Notice for Securities Industry Registration. It is used to notify regulators of the termination of securities salespersons and investment adviser representatives. Securities salespersons of issuers are not generally required to register as such with either the U.S. Securities and Exchange Commission or FINRA, the self-regulatory organization for broker-dealers and securities salespersons. However, the proposed rule would require the same form and termination notice as required at the federal level for securities salespersons associated with broker-dealers. In doing so, the rule promotes a uniform notification procedure for the termination of securities salespersons.

Statutory authority for adoption: RCW 21.20.070,
RCW 21.20.080, RCW 21.20.450

Statute being implemented: RCW 21.20

Is rule necessary because of a:

- Federal Law? Yes No
 Federal Court Decision? Yes No
 State Court Decision? Yes No

If yes, CITATION:

DATE 8/13/14

NAME (type or print)
Scott Jarvis

TITLE
Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 13, 2014

TIME: 4:15 PM

WSR 14-17-037

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

Name of proponent: (person or organization) Department of Financial Institutions, Securities Division

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Jill Vallely	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Implementation.. Scott Jarvis, Director, DFI	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Enforcement..... William Beatty, Director, Securities	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The proposed rule will not impose more than minor costs on businesses.

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 () _____

e-mail _____

No: Please explain: The Department of Financial Institutions is not one of the agencies listed in RCW 34.05.328.