

HOUSE BILL REPORT

HB 2885

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to the definition of investment adviser.

Brief Description: Defining investment adviser.

Sponsors: Representatives Hatfield, Benson, Barlean, Santos, Talcott and Bush.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/3/00, 2/4/00 [DPS].

Brief Summary of Substitute Bill

- A person is not an investment adviser simply because he or she is a member of an organization using "financial planner" or "financial adviser" in its name.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; Barlean; Cairnes; DeBolt; Santos; Sullivan and Talcott.

Minority Report: Do not pass. Signed by 3 members: Representatives McIntire, Democratic Vice Chair; Keiser and Quall.

Staff: Charlie Gavigan (786-7340).

Background:

Securities are regulated under federal and state laws. In Washington, securities are regulated by statute and through the Department of Financial Institutions.

An investment adviser under state law is any person who engages in the business of advising others regarding investing in securities or valuing securities. Investment

adviser also includes persons who hold themselves out as financial advisers. A person not licensed as an investment adviser who holds himself or herself out as a financial planner must comply with certain disclosure rules.

Summary of Substitute Bill:

A person is not an investment adviser simply because he or she is a member of an organization using "financial planner" or "financial adviser" in its name. A person not licensed as an investment adviser who advertises that he or she is a member of an association with "financial planner" or a related term in its name must comply with rules regarding unlicensed persons holding themselves out as financial planners.

Substitute Bill Compared to Original Bill: Clarifies that a person not licensed as an investment adviser who advertises that he or she is a member of an association with "financial planner" or a related term in its name must comply with rules regarding unlicensed persons holding themselves out as financial planners.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original Bill) This is not intended to change the law, but to clarify that members of an association focused on life insurance that changed its name to include "financial planners" should not have to be licensed as investment advisers.

Testimony Against: None.

Testified: (In Support) John Rathbun, Washington State Life Underwriters.