

# FINAL BILL REPORT

## SSB 5928

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C 54 L 99

Synopsis as Enacted

**Brief Description:** Extending immunity from liability to those who communicate a complaint or information to self-regulatory agencies.

**Sponsors:** Senate Committee on Judiciary (originally sponsored by Senator Prentice).

**Senate Committee on Judiciary**

**House Committee on Judiciary**

**Background:** Under current Washington law, a person who communicates a complaint or information to any agency of the federal, state or local government is immune from civil liability for any claim relating to that communication.

The National Association of Securities Dealers (NASD) is a regulatory agency for virtually every firm and individual in the United States that conducts securities business with the public. All securities professionals and firms must register with NASD. NASD operates under authority delegated by the Securities and Exchange Commission.

Members of brokerage firms are required to disclose information about departing brokers to NASD. These persons may then be sued by the departing broker for disclosing negative information to NASD. NASD suggests adding language to the Washington immunity statutes that would extend immunity from civil liability to members of brokerage firms when they disclose information to NASD in order to encourage complete and candid disclosure of this information without fear of lawsuits.

**Summary:** Immunity from civil lawsuits is extended to those persons who communicate a complaint or information to any self-regulatory organization that regulates persons involved in the securities or futures business and that has been delegated authority by a federal, state, or local governmental agency.

**Votes on Final Passage:**

Senate	46 0
House	90 0

**Effective:** July 25, 1999