

# FINAL BILL REPORT

## SB 6483

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Synopsis as Enacted

**Brief Description:** Regulating securities.

**Sponsors:** Senators Prentice and Winsley; by request of Department of Financial Institutions.

**Senate Committee on Labor, Commerce & Financial Institutions**  
**House Committee on Financial Institutions & Insurance**

**Background:** The National Conference of Commissioners on Uniform State Laws (NCCUSL) studies and develops drafts of recommended legislation that states may then choose whether to adopt. Recently, NCCUSL published a draft "Uniform Securities Act" (USA).

The Washington State Department of Financial Institutions (DFI) is the executive agency responsible for enforcement of securities laws, and protection of consumers and investors. DFI requested enactment of some of the recommendations in the NCCUSL Uniform Securities Act.

**Summary:** Technical changes in the definition of "securities" comply with recent case law and allow the Department of Financial Institutions to reach the sale of variable annuities. DFI regulates sales practices regarding variable annuities, while regulation of variable annuities products remains with the Office of the Insurance Commissioner. Technical changes also include language prohibiting unethical conduct by investment advisors.

DFI's ability to regulate investment advisors, broker-dealers and others is expanded to coordinate with the Uniform Securities Act, including expansion of the look-back period for past convictions of investment advisors from five years to ten years. Conditions subjecting investment advisors to potential disciplinary action are added.

Access by DFI to certain National Crime Information Center (FBI) data bases for investigation of criminal activity is permitted.

DFI is allowed to enforce its own subpoenas and direct financial institutions not to disclose the existence and contents of a subpoena to third parties, other than the institution's legal counsel.

Other technical changes are made to coordinate with existing statutes.

**Votes on Final Passage:**

Senate	45	0
House	93	0

**Effective:** June 13, 2002