

SENATE BILL REPORT

SB 6283

As Reported by Senate Committee On:
Financial Institutions & Insurance, January 20, 2016

Title: An act relating to clarifying, and making department of financial institutions technical regulatory changes to, the securities act of Washington.

Brief Description: Addressing the securities act of Washington.

Sponsors: Senators Benton, Mullet and Angel; by request of Department of Financial Institutions.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/14/16, 1/20/16 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 6283 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Angel, Vice Chair; Mullet, Ranking Minority Member; Fain, Hobbs, Litzow, Nelson and Pedersen.

Staff: Shani Bauer (786-7468)

Background: A security is an interest or investment in a business venture in which the investment is risked with the expectation of some valuable benefit to the investor. Under both state and federal law, all securities offerings must be registered with state and federal regulators, or exempt from registration under one of a variety of specified exemptions. The Securities Act of Washington sets out the requirements for registration and the various exemptions applicable under state law. The Department of Financial Institutions (DFI) is responsible for administering the Securities Act and regulating investment activities under the act.

In 2014, the Legislature adopted an exemption from registration under the Securities Act for certain small securities offerings. This exemption is more commonly referred to as the crowdfunding exemption.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Substitute): The time period for appealing the entry of an order by DFI is changed from 15 days to 20 days, to be consistent with the Administrative Procedures Act.

Statutory references in the chapter listing exemptions have been updated to include the exemption for crowdfunding adopted in 2014. The director's authority to deny, revoke, or condition an exemption as it pertains to a security is extended to the crowdfunding exemption.

The registration renewal deadline for securities professionals is changed from December 31 of each year to the deadline specified in the registration depositories managed by the Financial Industry Regulatory Authority.

The statute outlining criminal penalties for violation of the Securities Act is reenacted to eliminate duplicate statutes passed in a previous session.

Various technical, spelling, and grammatical errors are corrected.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE (Recommended Substitute): A technical correction is made to the statutory references in Section 9 of the bill.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The intent is to provide clarity and certainty for those that are subject to the act – investment advisors, legal professionals, and the general public. Stakeholders have had an opportunity to review the bill and do not have an objection to it.

Persons Testifying: PRO: Bill Beatty and Faith Anderson, Department of Financial Institutions.

Persons Signed In To Testify But Not Testifying: No one.