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SENATE BILL 6024

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State of Washington

65th Legislature

2018 Regular Session

By Senators Mullet and Angel; by request of Department of Financial Institutions

Prefiled 12/14/17.

1 AN ACT Relating to the disposition of certain fees collected by  
2 the department of financial institutions for the securities division;  
3 and amending RCW 21.20.340 and 43.320.110.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 21.20.340 and 2016 c 61 s 10 are each amended to  
6 read as follows:

7 Except as provided in subsection (15) of this section, the  
8 following fees shall be paid in advance under the provisions of this  
9 chapter:

10 (1)(a) For registration of securities by qualification, the fee  
11 shall be one hundred dollars for the first one hundred thousand  
12 dollars of initial issue, or portion thereof in this state, based on  
13 offering price, plus one-twentieth of one percent for any excess over  
14 one hundred thousand dollars which are to be offered during that  
15 year: PROVIDED, HOWEVER, That an issuer may upon the payment of a  
16 fifty dollar fee renew for one additional twelve-month period only  
17 the unsold portion for which the registration fee has been paid.

18 (b) For the offer of a federal covered security that (i) is an  
19 exempt security pursuant to section 3(2) of the Securities Act of  
20 1933, and (ii) would not qualify for the exemption or a discretionary  
21 order of exemption pursuant to RCW 21.20.310(1), the fee shall be one

1 hundred dollars for the first one hundred thousand dollars of initial  
2 issue, or portion thereof in this state, based on offering price,  
3 plus one-twentieth of one percent for any excess over one hundred  
4 thousand dollars which are to be offered during that year: PROVIDED,  
5 HOWEVER, That an issuer may upon the payment of a fifty dollar fee  
6 renew for one additional twelve-month period only the unsold portion  
7 for which the filing fee has been paid.

8 (2)(a) For registration by coordination of securities issued by  
9 an investment company, other than a closed-end company, as those  
10 terms are defined in the Investment Company Act of 1940, the fee  
11 shall be one hundred dollars for the first one hundred thousand  
12 dollars of initial issue, or portion thereof in this state, based on  
13 offering price, plus one-twentieth of one percent for any excess over  
14 one hundred thousand dollars which are to be offered in this state  
15 during that year: PROVIDED, HOWEVER, That an issuer may upon the  
16 payment of a fifty dollar fee renew for one additional twelve-month  
17 period the unsold portion for which the registration fee has been  
18 paid.

19 (b) For each offering by an investment company, other than a  
20 closed-end company, as those terms are defined in the Investment  
21 Company Act of 1940, making a notice filing pursuant to RCW  
22 21.20.327(1), the initial filing fee shall be one hundred dollars for  
23 the first one hundred thousand dollars of initial issue, or portion  
24 thereof in this state, based on offering price, plus one-twentieth of  
25 one percent for any excess over one hundred thousand dollars which  
26 are to be offered in this state during that year. The amount offered  
27 in this state during the year may be increased by paying one-  
28 twentieth of one percent of the desired increase, based on offering  
29 price, prior to the sale of securities to be covered by the fee:  
30 PROVIDED, HOWEVER, That an issuer may upon the payment of a fifty  
31 dollar fee renew for one additional twelve-month period the unsold  
32 portion for which the filing fee has been paid.

33 (3)(a) For registration by coordination of securities not covered  
34 by subsection (2) of this section, the initial filing fee shall be  
35 one hundred dollars for the first one hundred thousand dollars of  
36 initial issue, or portion thereof in this state, based on offering  
37 price, plus one-fortieth of one percent for any excess over one  
38 hundred thousand dollars for the first twelve-month period plus one  
39 hundred dollars for each additional twelve months in which the same  
40 offering is continued. The amount offered in this state during the

1 year may be increased by paying one-fortieth of one percent of the  
2 desired increase, based on offering price, prior to the sale of  
3 securities to be covered by the fee.

4 (b) For each offering by a closed-end investment company, making  
5 a notice filing pursuant to RCW 21.20.327(1), the initial filing fee  
6 shall be one hundred dollars for the first one hundred thousand  
7 dollars of initial issue, or portion thereof in this state, based on  
8 offering price, plus one-fortieth of one percent for any excess over  
9 one hundred thousand dollars for the first twelve-month period plus  
10 one hundred dollars for each additional twelve months in which the  
11 same offering is continued. The amount offered in this state during  
12 the year may be increased by paying one-fortieth of one percent of  
13 the desired increase, based on offering price, prior to the sale of  
14 securities to be covered by the fee.

15 (4) For filing annual financial statements, the fee shall be  
16 twenty-five dollars.

17 (5)(a) For filing an amended offering circular after the initial  
18 registration permit has been granted or pursuant to RCW  
19 21.20.327(1)(b), the fee shall be ten dollars.

20 (b) For filing a report under RCW 21.20.270(1) or  
21 21.20.327(1)(c), the fee shall be ten dollars.

22 (6)(a) For registration of a broker-dealer or investment adviser,  
23 the fee shall be one hundred fifty dollars for original registration  
24 and seventy-five dollars for each annual renewal. When an application  
25 is denied or withdrawn the director shall retain one-half of the fee.

26 (b) For a federal covered adviser filing pursuant to RCW  
27 21.20.050, the fee shall be one hundred fifty dollars for original  
28 notification and seventy-five dollars for each annual renewal. A fee  
29 shall not be assessed in connection with converting an investment  
30 adviser registration to a notice filing when the investment adviser  
31 becomes a federal covered adviser.

32 (7) For registration of a salesperson or investment adviser  
33 representative, the fee shall be forty dollars for original  
34 registration with each employer and twenty dollars for each annual  
35 renewal. When an application is denied or withdrawn the director  
36 shall retain one-half of the fee.

37 (8) If a registration, or filing pursuant to RCW 21.20.050, of a  
38 broker-dealer, salesperson, investment adviser, federal covered  
39 adviser, or investment adviser representative is not renewed on or  
40 before the renewal deadline specified in the central registration

1 depository (CRD) or the investment adviser registration depository  
2 (IARD), as applicable, the renewal is delinquent. The director by  
3 rule or order may set and assess a fee for delinquency not to exceed  
4 two hundred dollars. Acceptance by the director of an application for  
5 renewal after the renewal deadline specified in the CRD or the IARD,  
6 as applicable, is not a waiver of delinquency. A delinquent  
7 application for renewal will not be accepted for filing after March  
8 1st.

9 (9)(a) For the transfer of a broker-dealer license to a  
10 successor, the fee shall be fifty dollars.

11 (b) For the transfer of a salesperson license from a broker-  
12 dealer or issuer to another broker-dealer or issuer, the transfer fee  
13 shall be twenty-five dollars.

14 (c) For the transfer of an investment adviser representative  
15 license from an investment adviser to another investment adviser, the  
16 transfer fee shall be twenty-five dollars.

17 (d) For the transfer of an investment adviser license to a  
18 successor, the fee shall be fifty dollars.

19 (10)(a) The director may provide by rule for the filing of notice  
20 of claim of exemption under RCW 21.20.320 (1), (9), and (17) and set  
21 fees accordingly not to exceed three hundred dollars.

22 (b) For the filing required by RCW 21.20.327(2), the fee shall be  
23 three hundred dollars.

24 (11) For filing of notification of claim of exemption from  
25 registration pursuant to RCW 21.20.310(11), as now or hereafter  
26 amended, the fee shall be fifty dollars for each filing.

27 (12) For rendering interpretative opinions, the fee shall be  
28 thirty-five dollars.

29 (13) For certified copies of any documents filed with the  
30 director, the fee shall be the cost to the department of financial  
31 institutions.

32 (14) For a duplicate license the fee shall be five dollars.

33 (15) Upon a finding by the department of financial institutions  
34 that a fee increase is necessary to defray the costs of administering  
35 this chapter, the director may by rule adjust the fees specified in  
36 this section upward by no more than fifteen dollars.

37 All fees collected under this chapter shall be turned in to the  
38 state treasury and are not refundable, except as herein provided.

1       **Sec. 2.** RCW 43.320.110 and 2017 3rd sp.s. c 1 s 976 are each  
2 amended to read as follows:

3       (1) There is created in the custody of the state treasurer a  
4 local fund known as the "financial services regulation fund" which  
5 shall consist of all moneys received by the divisions of the  
6 department of financial institutions, except (~~for~~) as provided in  
7 subsection (2) of this section.

8       (2) The division of securities (~~which~~) shall deposit thirteen  
9 percent of all moneys received, except as provided in RCW 43.320.115  
10 and subsection (3) of this section, and which shall be used for the  
11 purchase of supplies and necessary equipment; the payment of  
12 salaries, wages, and utilities; the establishment of reserves; and  
13 other incidental costs required for the proper regulation of  
14 individuals and entities subject to regulation by the department.  
15 (~~The state treasurer shall be the custodian of the fund.~~)

16       (3) The division of securities shall deposit one hundred percent  
17 of all moneys received that are attributable to increases in fees  
18 implemented by rule pursuant to RCW 21.20.340(15).

19       (4) Disbursements from the fund shall be on authorization of the  
20 director of financial institutions or the director's designee. In  
21 order to maintain an effective expenditure and revenue control, the  
22 fund shall be subject in all respects to chapter 43.88 RCW, but no  
23 appropriation is required to permit expenditures and payment of  
24 obligations from the fund.

25       (~~During the 2015-2017 fiscal biennium, the legislature may~~  
26 transfer from the financial services regulation fund to the state  
27 general fund such amounts as reflect the excess fund balance of the  
28 fund.) During the 2015-2017 and 2017-2019 fiscal biennia, moneys  
29 from the financial services regulation fund may be appropriated for  
30 the family prosperity account program at the department of commerce  
31 and for the operations of the department of revenue.

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