

**MEMO# 7047**

June 23, 1995

## **WASHINGTON SECURITIES DIVISION PROPOSES AMENDMENTS TO RULES GOVERNING INVESTMENT ADVISERS**

June 23, 1995 TO: INVESTMENT ADVISERS COMMITTEE No. 28-95 Washington Investment  
Adviser Associate Members RE: WASHINGTON SECURITIES DIVISION PROPOSES  
AMENDMENTS TO RULES GOVERNING INVESTMENT ADVISERS

\_\_\_\_\_ The  
Washington Securities Division has issued for comment amendments to rules under the  
Washington Securities Act ("the Act") governing investment advisers. The proposed  
amendments include provisions that would: (1) permit Schedule H of Form ADV to satisfy  
wrap fee disclosure requirements under the Act ; (2) delete the Series 6, Investment  
Company Products/Variable Contracts) from the list of qualifying examinations for  
investment adviser representatives; and (3) substantially increase the delinquency fees  
charged to investment advisers that fail to timely renew their registrations. The Institute  
has submitted a comment letter on the Division's proposal. In our comment letter, we  
support adoption of the Division's rule that would permit Schedule H to satisfy the Act's  
wrap fee disclosure requirements inasmuch as the rule would provide for greater uniformity  
between state and federal law. We recommend that the Division not delete the Series 6 as  
a qualifying examination for investment adviser salespersons. Should this rule be adopted,  
investment adviser salespersons would have to pass a general securities representative  
examination (i.e., the Series 7). As stated in our letter, we believe it is unduly burdensome  
and inappropriate to require persons that limit their investment advice to products covered  
by the Series 6 to have to take a general securities representative examination. Finally, the  
Institute's letter notes that, if the proposed increase in delinquency fees is adopted, it  
would be more expensive to renew late than to initially register. Because processing an  
initial registration is presumably more burdensome to Division staff than processing a late  
renewal, the Institute recommends that the Division reconsider the amount of the  
delinquency fees and establish an amount that is more reasonable. A copy of the Division's  
proposed rules and our comment letter to the Division are attached. Tamara K. Cain  
Assistant Counsel Attachments