



**STATE OF WASHINGTON**  
**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**SECURITIES DIVISION**

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**Notice of Proposed Rule Making Concerning the Requirements for  
Investment Advisers that Maintain Custody of Client Funds or Securities**

**May 21, 2008**

To Interested Persons:

We are writing to inform you that the Securities Division is soliciting comments on proposed rule making concerning the requirements for investment advisers that maintain custody of client funds or securities.

The Securities Division proposes to revise the existing requirements for investment advisers that have custody of client funds or securities set forth in WAC 460-24A-105 and to codify the requirements for investment advisers that have custody because they have the authority to deduct fees from client accounts, they manage a pooled investment vehicle or trust, or they act as trustee and investment adviser to a trust. In addition, the Division proposes to adopt a set of related definitions and certain exceptions from the custody requirements. These proposals have been drafted with the goals of providing greater uniformity with the custody rules of the Securities and Exchange Commission and other states that have adopted the North American Securities Administrators Association, Inc. model custody rule (Model Rule 102(e)(1)-1) and improving the readability of these rules through the use of plainer English.

Accompanying this notice are copies of the notice of Proposed Rule Making (Form CR-102) that was filed with the Office of the Code Reviser for publication on May 21, 2008 (WSR Issue # 08-10) and the text of the proposed rules.

If you have any questions or comments, please contact the undersigned by telephone at (360) 725-7825 or by e-mail at [fanderson@dfi.wa.gov](mailto:fanderson@dfi.wa.gov).

Sincerely,

Faith L. Anderson  
Associate General Counsel