

AMENDATORY SECTION (Amending WSR 96-15-062, filed 7/17/96, effective 8/17/96)

WAC 460-20B-035 Canadian broker-dealers and salespersons.

(1) A Canadian broker-dealer that is resident in Canada and has no office or other physical presence in the United States and is not an office of, branch of, or a natural person associated with, a broker-dealer otherwise registered in the United States may transact business in this state without registering as a broker-dealer pursuant to RCW 21.20.040 under the following conditions:

(a) The business transacted by the Canadian broker-dealer must be limited to:

(i) Transactions subject to the exemption provided by RCW 21.20.320(8);

(ii) Transactions with or for a Canadian person who is temporarily present in this state and with whom the Canadian broker-dealer had a bona fide customer relationship before the person entered this state; or

(iii) Transactions with or for a Canadian person in a self-directed tax advantaged retirement plan in Canada of which that person is the holder or contributor; and

(b) The Canadian broker-dealer must:

(i) File the following with the securities administrator:

(A) A notice in the form of that person's current application for registration required by the jurisdiction in which that person's head office is located; and

(B) A consent to service process pursuant to RCW 21.20.330; and

(ii) Be a member of a self-regulatory organization or stock exchange in Canada; and

(iii) Maintain provincial or territorial registration and membership in a Canadian self-regulatory organization or stock exchange in good standing; and

(c) Disclosure must be made to the customers in this state that the Canadian broker-dealer is not subject to the full regulatory requirements of the Securities Act of Washington.

(2) A Canadian securities salesperson representing a Canadian broker-dealer transacting business in this state pursuant to subsection (1) of this section need not register pursuant to RCW 21.20.040 provided that he or she is registered in good standing in the appropriate Canadian jurisdiction.

(3) Transactions by Canadian broker-dealers and their salespersons pursuant to subsections (1) and (2) of this section will be deemed not to involve the "offer" or "sale" of a security, as those terms are defined in RCW 21.20.005(~~(+10+)~~), for purposes of compliance with RCW 21.20.140. Nothing in this section shall affect the duty of the Canadian broker-dealer and its agents to comply with RCW 21.20.010 and the rules promulgated thereunder.

