

WEST VIRGINIA LEGISLATURE

2025 REGULAR SESSION

Introduced

Senate Bill 512

**FISCAL
NOTE**

By Senator Smith (Mr. President)

[Introduced February 18, 2025; referred
to the Committee on Banking and Insurance; and
then to the Committee on Finance]

1 A BILL to amend and reenact §32-2-202 of the Code of West Virginia, 1931, as amended, relating
2 to registration for broker-dealers and agents; and increasing the registration fee of an
3 agent.

Be it enacted by the Legislature of West Virginia:

ARTICLE 2. REGISTRATION OF BROKER-DEALERS AND AGENTS;
REGISTRATION AND NOTICE FILING FOR INVESTMENT ADVISERS.

§32-2-202. Registration and notice filing procedure.

1 (a) A broker-dealer, agent or investment adviser may obtain an initial or renewal
2 registration by filing with the commissioner an application, together with a consent to service of
3 process pursuant to §32-4-414(g) of this code. The application shall contain whatever information
4 the commissioner by rule requires concerning matters such as: (1) The applicant's firm and place
5 of organization; (2) the applicant's proposed method of doing business; (3) the qualifications and
6 business history of the applicant and in the case of a broker-dealer or investment adviser, the
7 qualifications and business history of any partner, officer or director, any person occupying a
8 similar status or performing similar functions or any person, directly or indirectly, controlling the
9 broker-dealer or investment adviser and, in the case of an investment adviser, the qualifications
10 and business history of any employee; (4) any injunction or administrative order or conviction of a
11 misdemeanor involving a security or any aspect of the securities business and any conviction of a
12 felony; and (5) subject to the limitations of §15(h)(1) of the Securities Exchange Act of 1934, the
13 applicant's financial condition and history. The commissioner may by rule or order require an
14 applicant for initial registration to publish an announcement of the application as a Class I legal
15 advertisement in compliance with the provisions of article three, chapter fifty-nine of this code and
16 the publication area or areas for the publication shall be specified by the commissioner. If no denial
17 order is in effect and no proceeding is pending under §32-2-204 of this code, registration becomes
18 effective at noon of the 30th day after an application is filed. The commissioner may by rule or

19 order specify an earlier effective date and he or she may by order defer the effective date until
20 noon of the 30th day after the filing of any amendment to an application. Registration of a broker-
21 dealer automatically constitutes registration of any agent who is a partner, officer or director, or a
22 person occupying a similar status or performing similar functions, as designated by the broker-
23 dealer in writing to the commissioner and approved in writing by the commissioner. Registration of
24 an investment adviser automatically constitutes registration of any investment adviser
25 representative who is a partner, officer or director or a person occupying a similar status or
26 performing similar functions as designated by the investment adviser in writing to the
27 commissioner and approved in writing by the commissioner.

28 (b) Except with respect to federal-covered advisers whose only clients are those described
29 in paragraphs (A) and (B), subdivision (3), subsection (c), section two hundred one of this article, a
30 federal-covered adviser shall file with the commissioner, prior to acting as a federal-covered
31 adviser in this state, such documents as have been filed with the securities and exchange
32 commissioner as the commissioner, by rule or order, may require along with notice filing fees
33 under subsection (c) of this section.

34 (c) Every applicant for initial or renewal registration shall pay a filing fee of \$300 in the case
35 of a broker-dealer and the agent of an issuer, ~~\$66~~ \$70 in the case of an agent, \$200 in the case of
36 an investment adviser and \$75 for each investment adviser representative. When an application is
37 denied or withdrawn, the commissioner shall retain all of the fee.

38 (d) A registered broker-dealer or investment adviser may file an application for registration
39 of a successor, whether or not the successor is then in existence, for the unexpired portion of the
40 year. A filing fee of \$24 shall be paid.

41 (e) The commissioner may, by rule or order, require a minimum capital for registered
42 broker-dealers, subject to the limitations of Section 15 of the Securities Exchange Act of 1934 and
43 establish minimum financial requirements for investment advisers, subject to the limitations of
44 Section 222 of the Investment Advisers Act of 1940, which may include different requirements for

45 those investment advisers who maintain custody of clients' funds or securities or who have
46 discretionary authority over same and those investment advisers who do not.

47 (f) The commissioner may, by rule or order, require registered broker-dealers, agents and
48 investment advisers who have custody of or discretionary authority over client funds or securities
49 to post surety bonds in amounts as the commissioner may prescribe, by rule or order, subject to
50 the limitations of Section 15 of the Securities Exchange Act of 1934 (for broker-dealers) and
51 Section 222 of the Investment Advisers Act of 1940 (for investment advisers), up to \$25,000 and
52 may determine their conditions. Any appropriate deposit of cash or securities shall be accepted in
53 lieu of any bond so required. No bond may be required of any registrant whose net capital or, in the
54 case of an investment adviser, whose minimum financial requirements, which may be defined by
55 rule, exceeds the amounts required by the commissioner. Every bond shall provide for suit thereon
56 by any person who has a cause of action under §32-4-410 of this code and, if the commissioner by
57 rule or order requires, by any person who has a cause of action not arising under this chapter.
58 Every bond shall provide that no suit may be maintained to enforce any liability on the bond unless
59 brought within the time limitations set forth in §32-4-410(e) of this code.

60 (g) Every applicant whether registered under this chapter or not, shall pay a \$60 fee for
61 each name or address change.

62 (h) Every broker-dealer and investment advisor registered under this chapter shall pay an
63 annual \$60 fee for each branch office located in West Virginia.

64 (i) Each agent, representative and associated person of a broker-dealer or investment
65 advisor when applying for an initial license under this section or changing employers shall pay a
66 compliance assessment of \$30. Each agent, representative and associated person, when
67 applying for a renewal license under this section, shall pay a compliance assessment of \$12. The
68 West Virginia State Legislature reserves the right to adjust the fees set forth in this section once
69 every four years in an amount reflecting the percentage increase in the cost of administering this
70 article from the amount of such costs on the effective date of this article.

NOTE: The purpose of this bill is to increase the registration fee of an agent from \$66 to \$70.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.