



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
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Senate Bill 952 (as enrolled)  
 Sponsor: Senator Doug Carl  
 Senate Committee: Financial Services  
 House Committee: Commerce

**PUBLIC ACT 349 of 1996**

Date Completed: 8-21-96

**RATIONALE**

The Uniform Securities Act governs the regulation of those who deal in the issuance, sale, or purchase of securities in Michigan. With certain exceptions, investment advisors are among the types of persons who must be registered under the Act. This requirement apparently posed a problem for a firm that gives stock market information through a recorded telephone message. Evidently, the business tapes an update of market trends throughout the day, and callers may receive this information via a 1-900 telephone number. Since this firm does not give individualized investment advice, it was suggested that this type of business should not have to register under the Act.

telephone number, if the services are generic in nature, are not customized or specific to an individual, and would not otherwise be considered to be the offering of investment advice.

MCL 451.601

**ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

**Supporting Argument**

The type of business that the bill exempts from registration merely provides generic stock market information, rather than "advice" to specific clients or assistance with individual accounts. While registering as an investment advisor, and paying a filing fee as well as a \$150 annual registration fee, might not seem overly burdensome, it was feared that other states also could decide to impose registration requirements on these firms if Michigan did.

**Response:** Consumers would be better protected if the bill referred to "electronically recorded" services and required that the services not be customized or specific to a demographic group.

Legislative Analyst: S. Margules

**CONTENT**

**The bill amended the Uniform Securities Act to allow a person to transact business in Michigan as an investment advisor, without registering under the Act, if his or her only clients in Michigan gain access to the person's service via telephone and the service is not specific to an individual investor.**

The Act prohibits a person from transacting business as an investment advisor unless the person complies with one of the following:

- The person is registered under the Act.
- The person is registered as a broker-dealer without the imposition of conditions under the Act.
- The person's only clients in Michigan are investment companies as defined in the Federal Investment Company Act or insurance companies, banks, or trust companies.

The bill added to that list a person whose only Michigan clients are individuals who gain access to the person's services through a 1-900 or 1-800

**FISCAL IMPACT**

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.