

Act No. 349  
Public Acts of 1996  
Approved by the Governor  
June 27, 1996  
Filed with the Secretary of State  
June 28, 1996

**STATE OF MICHIGAN**  
**88TH LEGISLATURE**  
**REGULAR SESSION OF 1996**

Introduced by Senator Carl

# **ENROLLED SENATE BILL No. 952**

AN ACT to amend section 201 of Act No. 265 of the Public Acts of 1964, entitled as amended "An act to enact the uniform securities act relating to the issuance, offer, sale or purchase of securities and commodity contracts; to prohibit fraudulent practices in relation thereto; to establish civil and criminal penalties for violations of the act and civil penalties for violation of the rules promulgated pursuant to the act; to require the registration of broker-dealers and their principals, agents, investment advisers, commodity issuers, and securities; to make uniform the law with reference thereto; and to repeal certain acts and parts of acts," as amended by Act No. 408 of the Public Acts of 1988, being section 451.601 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 201 of Act No. 265 of the Public Acts of 1964, as amended by Act No. 408 of the Public Acts of 1988, being section 451.601 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 201. (a) A person shall not transact business in this state as a broker-dealer, commodity issuer, or agent unless registered under this act.

(b) A broker-dealer or issuer shall not employ an agent unless the agent is registered. The registration of an agent is not effective during any period when the agent is not associated with a particular broker-dealer registered under this act or a particular issuer. If an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities that make him or her an agent, the agent as well as the broker-dealer or issuer shall immediately notify the administrator in writing on a form prescribed by the administrator.

(c) Unless a broker-dealer is a member of a national securities exchange as defined in title I of the securities exchange act of 1934, chapter 404, 48 Stat. 881, the administrator may by rule or order require that a broker-dealer designate a person who shall be registered as a principal of the broker-dealer in charge of management, financial matters, or compliance and the broker-dealer shall at all times designate and maintain a principal. The registration of a principal is not effective during any period when the principal is not associated with a particular broker-dealer registered under this act. If a principal begins or terminates a connection with a broker-dealer, or begins or terminates activities and designation as a principal, the principal as well as the broker-dealer shall immediately notify the administrator in writing on a form prescribed by the administrator.

(d) A person shall not transact business in this state as an investment adviser unless the person complies with 1 or more of the following:

(1) The person is registered under this act.

(2) The person is registered as a broker-dealer without the imposition of a condition under section 204(b)(5).

(3) The person's only clients in this state are investment companies as defined in section 3 of the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-3, or insurance companies, banks, or trust companies.

(4) The person's only clients in this state are individuals who access the person's services through a 1-900 or 1-800 telephone number and the services are generic in nature and not customized or specific to an individual and would not otherwise be considered the offering of investment advice.

(e) A registration under this section shall be effective until it is withdrawn, terminated, revoked, or canceled. A registrant shall be required to file or have filed an annual report with such information as the administrator may require. The administrator may by rule or order reduce the filing fee for registration applications received more than 6 months after the beginning of the fiscal year.

(f) Unless the administrator by rule provides for regulation, the broker-dealer, commodity issuer, and agent registration provisions of this act do not apply to a person engaged in the commodities business in this state and whose transactions with the public involve 1 or more of the following:

(1) A sale with delivery into the possession of the buyer of the commodity sold, within 10 days after the cash payment, if, with respect to the sales the seller does not do any of the following:

(i) Guarantee or promise the repurchase of the commodity from the buyer in the future.

(ii) Promise or agree to act as a broker or dealer on behalf of the buyer in connection with a future resale of the commodity by the buyer.

(iii) Advertise the commodity except under a plan accepted by the administrator.

(iv) Pay a commission directly or indirectly for soliciting any prospective buyer.

(2) Except for investment purposes, the sale or purchase of the commodity from a person using or processing the commodity in a trade or business, including the resale of the commodity, whether or not for immediate delivery.

(g) The registration provisions of this act do not apply to all commodities accounts, agreements, and transactions excluded from state jurisdiction under the commodity exchange act, chapter 369, 42 Stat. 998, 7 U.S.C. 1 to 9b, 10a to 13, 13a to 13c, 15, 16, 17, and 18 to 25.

(h) The registration provisions of this act do not apply to a county treasurer acting under his or her authority under the local government investment pool act, Act No. 121 of the Public Acts of 1985, being sections 129.141 to 129.150 of the Michigan Compiled Laws.

(i) A person licensed or registered as a mortgage broker, mortgage lender, or mortgage servicer under the mortgage brokers, lenders, and servicers licensing act, Act No. 173 of the Public Acts of 1987, being sections 445.1651 to 445.1683 of the Michigan Compiled Laws, shall be exempted from registering as a broker-dealer under this act for the offer or sale of mortgage loans as defined under Act No. 173 of the Public Acts of 1987. Employees of persons licensed or registered under Act No. 173 of the Public Acts of 1987 are exempted from the agent registration provision of this act for offer or sale of mortgage loans as defined under that act, when acting as employees of the licensed persons.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved -----

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Governor.