

HOUSE BILL No. 4865

May 29, 2007, Introduced by Rep. Johnson and referred to the Committee on Appropriations.

A bill to amend 1964 PA 265, entitled
"Uniform securities act,"
by amending section 202 (MCL 451.602), as amended by 2003 PA 150.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 202. (a) A broker-dealer, agent, or investment adviser
2 may obtain an initial registration by filing with the administrator
3 an application together with a consent to service of process
4 pursuant to section 414(g). The application shall contain the
5 information that the administrator by rule requires concerning any
6 of the following:

7 (1) The applicant's form and place of organization.

8 (2) The applicant's proposed method of doing business.

9 (3) The qualifications and business history of the applicant;
10 in the case of a broker-dealer or investment adviser, the

1 qualifications and business history of any partner, officer, or
2 director, any person occupying a similar status or performing
3 similar functions, or any person directly or indirectly controlling
4 the broker-dealer or investment adviser; and, in the case of an
5 investment adviser, the qualifications and business history of any
6 employee.

7 (4) Any injunction or administrative order or conviction of a
8 misdemeanor or of a felony.

9 (5) The applicant's financial condition and history.

10 (b) The administrator may by rule or order require an
11 applicant for initial registration to publish an announcement of
12 the application in 1 or more specified newspapers published in this
13 state. Registration becomes effective upon order of the
14 administrator. The administrator may by rule or order establish
15 classes of or otherwise condition the registration of broker-
16 dealers, agents, or investment advisers.

17 ~~(c) Before October 1, 2003 or after September 30, 2007, an~~
18 ~~applicant for registration shall pay a filing fee and every~~
19 ~~registrant shall pay an annual fee of \$250.00 in the case of a~~
20 ~~broker dealer, \$30.00 in the case of an agent, and \$150.00 in the~~
21 ~~case of an investment adviser. Before October 1, 2003 or after~~
22 ~~September 30, 2007, an applicant filing an application for~~
23 ~~registration of a successor pursuant to subsection (d) shall pay a~~
24 ~~filing fee of \$100.00 for the unexpired portion of the year. Before~~
25 ~~October 1, 2003 or after September 30, 2007, a registered agent who~~
26 ~~has terminated his or her connection with a broker dealer shall pay~~
27 ~~a transfer fee of \$10.00 when transferring his or her connection to~~

1 ~~another broker-dealer. After September 30, 2003 and before October~~
2 ~~1, 2007, an~~ **SUBJECT TO SUBSECTION (I), AN** applicant for
3 registration shall pay a filing fee and every registrant shall pay
4 an annual fee of \$300.00 in the case of a broker-dealer, \$65.00 in
5 the case of an agent, and \$200.00 in the case of an investment
6 adviser. ~~After September 30, 2003 and before October 1, 2007, an~~
7 **SUBJECT TO SUBSECTION (I), AN** applicant filing an application for
8 registration of a successor pursuant to subsection (d) shall pay a
9 filing fee of \$125.00 for the unexpired portion of the year. ~~After~~
10 ~~September 30, 2003 and before October 1, 2007, a~~ **SUBJECT TO**
11 **SUBSECTION (I), A** registered agent who has terminated his or her
12 connection with a broker-dealer shall pay a transfer fee of \$20.00
13 when transferring his or her connection to another broker-dealer.

14 (d) A registered broker-dealer or investment adviser may file
15 an application for registration of a successor, whether or not the
16 successor is then in existence. The administrator may grant or deny
17 the application.

18 (e) An applicant for registration under this act or an issuer
19 who offers or sells a security in this state through any person
20 shall file with the administrator, in the form prescribed by the
21 administrator by rule or order, an irrevocable consent to service
22 of process.

23 (f) Subject to the requirements of section 15 of the
24 securities exchange act of 1934, 15 U.S.C.—**USC** 78o, and section 222
25 of the investment advisers act of 1940, 15 U.S.C.—**USC** 80b-18a, the
26 administrator may by rule or order require a minimum capital for
27 registered broker-dealers and investment advisers and prescribe a

1 ratio between net capital and aggregate indebtedness. If the
2 registrant fails to comply with the minimum net capital
3 requirement, the registrant shall immediately cease all investment
4 advisory or securities business operations and promptly notify the
5 administrator of its failure to maintain the required net capital,
6 of the steps to be taken to cure the net capital deficiency, and of
7 its anticipated date of reopening business operations. The
8 registrant shall not reactivate its securities or investment
9 advisory business operations without prior notification to the
10 administrator.

11 (g) Except as otherwise provided in this section, the
12 administrator may require a fidelity bond from a broker-dealer,
13 agent, or investment adviser who is required to be registered under
14 this act. The administrator may not require a bond from a broker-
15 dealer that is registered under the securities exchange act of 1934
16 or an investment adviser that maintains its principal place of
17 business in a state other than this state if the investment adviser
18 is registered in that other state and is in compliance with that
19 state's bonding requirements, if any.

20 (h) Unless the requirement is waived by rule or order of the
21 administrator, all persons, including but not limited to partners,
22 officers, directors, and agents employed by a broker-dealer or
23 investment adviser who are regularly employed within this state
24 shall, as a condition of employment, be fingerprinted. The
25 administrator may process the fingerprint cards with the federal
26 bureau of investigation and the department of state police either
27 directly or through the national association of securities dealers.

1 The fingerprints or information relating to the fingerprints shall
2 be used for the official use of the administrator only.

3 (I) THE ADMINISTRATOR MAY CHANGE THE AMOUNT OF ANY FEES
4 DESCRIBED IN THIS SECTION BY RULE PROMULGATED UNDER THE
5 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
6 24.328. ANY FEE CHANGES BY THE ADMINISTRATOR UNDER THIS SUBSECTION
7 SHALL TAKE EFFECT ON THE EFFECTIVE DATE OF THE RULE.