

Legislative Analysis



EXEMPT CERTAIN INDIVIDUALS FROM INVESTMENT ADVISER REPRESENTATIVE EXAM

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House Bill 6141 (Substitute H-4)
Sponsor: Rep. Arlan Meekhof
Committee: Insurance

Complete to 5-24-10

A SUMMARY OF HOUSE BILL 6141 AS REPORTED FROM COMMITTEE

The bill would amend the Uniform Securities Act (2002), which was enacted in Michigan in 2008. The administrator of the act is the Office of Financial and Insurance Regulation (OFIR) within the Department of Energy, Labor and Economic Growth. The bill would exempt individuals acting as investment adviser representatives from the registration examination in certain cases. The exemption would apply if an individual met any of the following criteria:

- Has passed the uniform investment adviser state law examination (S65) or the uniform combined state law examination (S66) within the past two years.
- Has been continuously employed by an investment adviser firm and performing investment adviser services without a break in service of two or more years since passing the S65 or S66 exam.
- Has met both of the following conditions: (1) was employed by an investment adviser firm before October 1, 2008, and the firm has taken responsibility for compliance and suitability standards and enforces those standards; and (2) was employed before October 1, 2008, and has been performing the services of an investment advisor without a break in service of two or more years since passing either (a) the investment company product representative (series 6) and uniform securities agent state law examination (S63) or (b) the general securities representative (series 7) and uniform securities agent state law examination (S63).

Notwithstanding any order by OFIR, the following provisions would also apply:

- An applicant for the investment adviser representative registration would be eligible for the exemptions described in the first of the two bulleted paragraphs above if he or she submits an application through web CRD/IARD no later than September 1, 2010. After that date, OFIR could not accept an application to waive the exam requirement on the grounds cited above.
- An applicant that met the requirements of the third bulleted paragraph would have to submit an application by October 1, 2010. After that date, OFIR could not accept an application for that exemption.

However, an exemption under the bill would not be available to an individual who has filed for bankruptcy protection under any chapter of the federal Bankruptcy Code more than once.

Until January 1, 2011, an investment adviser registration applicant could conduct business in the state as an investment adviser pending the approval by OFIR of the application. Beginning January 1, 2011, an applicant whose application has not been approved could not conduct business as an investment adviser.

OFIR would be required to grant reciprocity to an applicant for an investment adviser registration who has met the state's registration requirements or qualifies for the exemptions.

MCL 451.2404

FISCAL IMPACT:

The bill would have no apparent fiscal impact.

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