

Legislative Analysis



SECURITIES REGULATION ADVISORY BOARD

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House Bill 5430

Sponsor: Rep. Nancy Jenkins

Committee: Commerce

Complete to 4-30-14

A REVISED SUMMARY OF HOUSE BILL 5430 AS INTRODUCED 3-26-14

House Bill 5430 would amend the Uniform Securities Act to provide for a securities regulation office within the Department of Licensing and Regulatory Affairs, and to create a securities regulation advisory board. A more detailed description of the bill follows.

Office of Securities Regulation

The bill specifies that an Office of Securities Regulation be created within the Department of Licensing and Regulatory Affairs, and requires the governor to appoint a securities commissioner to serve as the head of the office. The governor would select the head of the office from a list of at least two names submitted by the Securities Regulation Advisory Board (described below).

All of the following would apply to the Office of Securities Regulation:

- The office would have all of the authority and responsibilities of the department that were transferred from the Securities Division of (what was then) the Office of Finance and Insurance Regulation under Executive Reorganization Order No. 2012-6, MCL 445.2034; and,
- The Department of Licensing and Regulatory Affairs would perform the budgeting, procurement, and related management functions of the office.

Securities Regulation Board

The bill specifies that a nine-member Securities Regulation Board be created in the office. The governor would appoint three of its members, and also the chair. Two additional members would be selected by the Speaker of the House; two members by the Majority Leader of the Senate; and two members by the director of the Department of Licensing and Regulatory Affairs.

The members of the Securities Regulation Board would serve for two-year terms (or until a successor was appointed, whichever was later), and a vacancy on the board would be filled for the unexpired term, in the same manner as the original appointment.

Duties of the Board

The duties of the Securities Regulation Board would include all of the following:

- Serving as an advisory board to the governor, the director of the department the office, and the commissioner concerning securities regulation issues.
- When requested, providing the governor with a list of names of at least two candidates it determined were qualified to serve as the commissioner.
- Performing any other duties concerning economic issues in Michigan assigned by the governor, the director of the department, the office, or the commissioner.

Board Operations

The first meeting of the board would be called by the director of the department, and at that meeting the board would select a vice-chair, and other officers as it considered necessary. After its first meeting, the board would meet at least once in the second week of January each year, and at least every ten weeks during the remainder of the calendar year. The chair would determine the time and place of each meeting. Further, the bill specifies the board could meet more frequently at the call of the chair, or if requested to do so by five or more members. A majority of the board would constitute a quorum, and a majority of the members present and serving would be required for official action.

The bill requires that the board conduct its business only at public meetings held in compliance with the Open Meetings Act, and any writing prepared, used, or in the possession of or retained by the board in the performance of an official function would be subject to the Freedom of Information Act.

Members of the board would serve without compensation; however, the office could reimburse members for their actual and necessary expenses incurred in the performance of their official duties.

MCL 451.2102

FISCAL IMPACT:

HB 5430 would have a fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) to the extent that the creation of a new Office of Securities Regulation and the Securities Regulation Advisory Board would likely engender indeterminate administrative costs. Administration and implementation of the Uniform Securities Act is supported by regulatory fees prescribed within the act and collected from individuals and entities within the securities industry. Those fees generate revenue in excess of the amount that is currently expended to fund securities regulation, consequently there is sufficient restricted revenue to support potential increases in administrative costs to establish the new Office and Board created by HB 5430.

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