

UNIFORM SECURITIES ACT (2002) (EXCERPT)
Act 551 of 2008

451.2463 Servicing; requirements.

Sec. 463. (1) A Michigan investment market may not service a business if the business has already utilized the services of a portal, market, or exchange that facilitates a secondary market for intrastate securities, rather than facilitates securities transactions for original purchasers of the business's intrastate securities of those purchasers' own securities. The business may not be or request to be serviced on 2 or more of those portals, markets, or exchanges at any given time.

(2) A Michigan investment market shall only service a business if that business meets, and the Michigan investment market verifies that the business meets, all of the following at the time the business conducts any offers, sales, or reselling of its intrastate securities:

(a) Is a resident of this state.

(b) Is doing business in this state at the time the business conducts any offers, sales, or reselling of its intrastate securities. For purposes of this subdivision, a business is considered to be doing business in this state if all of the following are met:

(i) If the business had gross revenues of more than \$5,000.00 from the sale of products or services or other conduct of its business for its most recent 12-month fiscal period, it derived at least 80% of its gross revenues, and those of its subsidiaries on a consolidated basis, from the operation of a business or of real property located in or from the rendering of services in this state during 1 of the following time periods:

(A) In its most recent fiscal year, if the first offer of any part of the issue is made during the first 6 months of the issuer's current fiscal year.

(B) In the first 6 months of its current fiscal year, or during the 12-month fiscal period ending with that 6-month period, if the first offer of any part of the business's intrastate offering is made during the last 6 months of the business's current fiscal year.

(ii) At the end of its most recent semiannual fiscal period before the first offer of any part of the issue, the business had at least 80% of its assets and those of its subsidiaries on a consolidated basis located in this state.

(iii) The business intends to use and uses at least 80% of the net proceeds to the business from the sale or resale of intrastate securities in connection with the operation of a business or of real property in, the purchase of real property located in, or the rendering of services in this state.

(iv) The principal office of the business is located within this state.

(c) Is not insolvent. As used in this subdivision, "insolvent" means any of the following:

(i) The liabilities of the business exceed its assets.

(ii) The business is unable to pay its debts as they mature.

(iii) The business has filed for bankruptcy or made an assignment for the benefit of creditors.

(d) Is not subject to a current or pending disciplinary court order or injunctions.

(e) Is not a defendant in a pending court proceeding.

(f) Complies with the laws of this state applicable to the conduct of its business.

History: Add. 2014, Act 355, Imd. Eff. Oct. 21, 2014.

Compiler's note: Enacting section 1 of Act 355 of 2014 provides:

"Enacting section 1. It is the intent of the legislature by enacting this amendatory act to regulate a class of intrastate broker-dealers that is exempt under section 15(a)(1) of the securities exchange act of 1934, 15 USC 78o, and that will facilitate intrastate securities transactions among persons of this state."