

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

451.2403 Investment advisor registration; requirements; exemptions; employment or association with certain individuals prohibited; exception.

Sec. 403.

(1) A person shall not transact business in this state as an investment adviser unless the person is registered under this act as an investment adviser or is exempt from registration as an investment adviser under subsection (2).

(2) The following persons are exempt from the registration requirement of subsection (1):

(a) A person that does not have a place of business in this state and that is registered under the securities act of the state in which the person has its principal place of business, if its only clients in this state are any of the following:

(i) Federal covered investment advisers, investment advisers registered under this act, or broker-dealers registered under this act.

(ii) Institutional investors.

(iii) Bona fide preexisting clients whose principal places of residence are not in this state, if the investment adviser is registered under the securities act of the state in which the clients maintain principal places of residence.

(iv) Any other client exempted by rule or order under this act.

(b) A person that does not have a place of business in this state if the person has had, during the preceding 12 months and in addition to those described in subdivision (a), not more than 5 clients who are natural persons and residents of this state.

(c) A person that does not hold itself out to the general public as an investment adviser and that has had, during the preceding 12 months and in addition to those described in subdivision (a), not more than 5 clients who are natural persons, who are residents of this state, and who are accredited investors as defined in rule 501(a) under the securities act of 1933, 17 CFR 230.501.

(d) The person is an investment adviser who is not required to be registered as an investment adviser under the investment advisers act of 1940 if the investment adviser's only clients in this state are other investment advisers, federal covered advisers, broker-dealers, or institutional investors.

(e) Any other person exempted by rule or order under this act.

(3) An investment adviser shall not, directly or indirectly, employ or associate with an individual to engage in an activity related to investment advice in this state if the registration of the individual is suspended or revoked, or the individual is barred from employment or association with an investment adviser, federal covered investment adviser, or broker-dealer by an order under this act, the securities and exchange commission, a securities regulator of another state, or a self-regulatory organization, unless the investment adviser did not know, and in the exercise of reasonable care could not have known, of the suspension, revocation, or bar. If the investment adviser request and good cause is shown, the administrator, by order, may waive, in whole or in part, the application of the prohibitions of this subsection.

(4) An investment adviser shall not employ or associate with an individual required to be registered under this act as an investment adviser representative who transacts business in this state on behalf of the investment adviser unless the individual is registered under section 404(1) or is exempt from registration under section 404(2).

History: 2008, Act 551, Eff. Oct. 1, 2009

Compiler's Notes: For transfer of securities division of office of finance and insurance regulation from office of finance and insurance regulation to department of licensing and regulatory affairs, see E.R.O. No. 2012-6, compiled at MCL 445.2034.