

Michigan Office of Administrative Hearings and Rules

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**AGENCY REPORT TO THE
JOINT COMMITTEE ON ADMINISTRATIVE RULES (JCAR)**

1. Agency Information

Agency name:

Licensing and Regulatory Affairs

Division/Bureau/Office:

Corporations, Securities, & Commercial Licensing

Name of person completing this form:

Mackenzie Jones

Phone number of person completing this form:

517-241-6659

E-mail of person completing this form:

JonesM52@michigan.gov

Name of Department Regulatory Affairs Officer reviewing this form:

Elizabeth Arasim

2. Rule Set Information

MOAHR assigned rule set number:

2021-17 LR

Title of proposed rule set:

Securities

3. Purpose for the proposed rules and background:

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CSCL proposes to add a continuing education requirement for investment adviser representatives registered under Uniformed Securities Act, MCL 451.2101 et seq. Investment adviser representatives are vital to financial planning for many in Michigan, but unlike other financial professionals, are not subject to a continuing education requirement. The North American Securities Administrators Association (NASAA) has developed model rules for a continuing education program for investment adviser representatives registered under the Michigan Uniform Securities Act. The goal of the model rules is to ensure that investment adviser representatives receive continuing education relevant to their duties and obligations under the act. Furthermore, the continuing education program will be administered through NASAA, with tracking of the continuing education being done by the Financial Industry Regulatory Authority, Inc. (FINRA). FINRA operates the Central Registration Depository (CRD), which is the database that houses registration information for investment adviser representatives in Michigan and other states.

Also, NASAA developed model rules that would require investment advisors to establish, maintain, and enforce written policies and procedures tailored to a registrant's business model. The goal of this rule is to enhance regulatory compliance by minimizing conflicts and other risks to the investing public, which serves to protect consumers of this industry and encourages uniformity with federally registered investment advisers. This model rule will replace rule 451.4.21, the business continuity and succession planning requirement, but will keep substantive requirements of 451.4.21.

4. Summary of proposed rules:

This ruleset adopts the North American Securities Administrators Association model rule that requires continuing education for investment adviser representatives. Also, the ruleset will adopt the North American Securities Administrators Association investment adviser policies and procedures model rule, which requires investment advisers to establish, maintain, and enforce written policies and procedures tailored to an investment adviser's business model.

5. List names of newspapers in which the notice of public hearing was published and publication dates:

The notice was published in the following newspapers:
The Grand Rapids Press published September 30, 2021.
Ann Arbor News published September 30, 2021.
The Marquette Mining Journal published October 1, 2021.

6. Date of publication of rules and notice of public hearing in Michigan Register:

10/15/2021

7. Date, time, and location of public hearing:

10/18/2021 01:00 PM at Sun Conference Room , 2407 North Grand River Avenue, Lansing, MI 48906

8. Provide the link the agency used to post the regulatory impact statement and cost-benefit analysis on its website:

<https://ARS.apps.lara.state.mi.us/Transaction/RFRTransaction?TransactionID=1275>

9. List of the name and title of agency representative(s) attending public hearing:

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Mackenzie Jones and Stephen Brey with the Corporations, Securities & Commercial Licensing Bureau.

10. Persons submitting comments of support:

The agency did not receive comments during the hearing and public comment period.

11. Persons submitting comments of opposition:

The agency did not receive comments during the hearing and public comment period.

12. Identify any changes made to the proposed rules based on comments received during the public comment period:

	Name & Organization	Comments made at public hearing	Written Comments	Agency Rationale for change	Rule number & citation changed
1	None.	None.		None.	None.

13. Date report completed:

11/1/2021