

MICHIGAN CORPORATION & SECURITIES BUREAU

RELEASE NO. 87-6-S

TO: ALL INTERESTED PARTIES

SUBJECT: Federal Savings Banks

General Background:

The Bureau has received a number of requests for its opinion as to whether federal savings banks are exempt under Section 402(a)(4) of the Michigan Uniform Securities Act, 1964 PA 265, as amended, (the "Act"). Section 402(a)(4) of the Act provides an exemption for "any securities issued by and representing an interest in or a debt of, or guaranteed by, any federal savings and loan association, or any bank or loan or similar association organized under the law of any state and authorized to do business in this state."

Action or Interpretation:

Section 3(a)(5) of the Securities Act of 1933 is substantially similar to Section 402(a)(4) of the Act. In a No Action letter dated February 19, 1985, the SEC determined that Section 3(a)(5) exempts securities issued by federal savings banks, although savings banks are not specifically recognized in that exemption. The SEC reasoning was that federal savings banks did not exist when the 1933 Act was adopted but that the regulatory scheme is such that these banks should be included in the exemption of Section 3(a)(5).

Similarly, Section 402(a)(4) of the Act does not recognize federal savings banks. However, the Michigan Uniform Securities Act, like the Securities Act of 1933, was adopted prior to the time when federal savings banks were authorized by congress in 1978.

On the basis of the foregoing, it is the position of the Bureau that federal savings banks that qualify for the exemption under Section 3(a)(5) of the Securities Act of 1933 will also be exempt under Section 402(a)(4) of the Act.

AUTHORITY:

Act 265 of 1964, as amended, Section 402(a)(4).

Signed by Carl L. Tyson, Director
Corporation & Securities Bureau
Dated: December 22, 1987