

**STATE OF MICHIGAN
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Bulletin 2001-04-SEC

In the matter of

Registration Exemption for Canadian Broker-Dealers
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**Issued and entered
this 20th day of March 2001
by Frank M. Fitzgerald
Commissioner**

Currently, Section 202(a) of the Michigan Uniform Securities Act, 1964 PA 265, as amended, MCL 451.602, MSA 19.776 (202) (the "Act") and the Michigan Securities Rules states that: "A broker-dealer, agent, or investment adviser may obtain an initial registration by filing with the administrator an application together with a consent to service of process pursuant to Section 414 (g). The application shall contain whatever information the administrator by rule requires....".

Prior to September 27, 1996 Section 201(a) of the Act required full registration of a Canadian broker-dealer or agent servicing a pre-existing Canadian client temporarily in Michigan.

A September 27, 1996 a General Exemption Order (the "Order") was issued which eliminated the need for full registration, citing the fact that such full registration was inappropriate and unnecessary for the protection of investors. This Order went on to delineate a laundry list of contingencies which spawned the requirements for a limited registration of Canadian broker-dealers or agents dealing in Canadian Tax Advantaged Retirement Savings Plans held by former Canadian residents residing in Michigan or with a person from Canada who is temporarily present in Michigan and with whom the Canadian broker-dealer had a bona fide broker-dealer relationship, before the person entered this state.

After extensive review and analysis of the relationship between Canadian broker-dealers and their agents, and former Canadian residents who had a pre-existing relationship with such broker-dealers vis a vis their Canadian Retirement Accounts, it has been determined that full registration by such previously mentioned Canadian broker-dealers and its agents is not necessary in the public interest of the citizens of Michigan.

ACTION OR INTERPRETATION

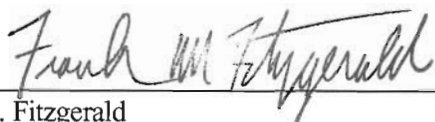
The Office of Financial and Insurance Services has determined that a Canadian broker-dealer who is a member of a Canadian SRO or the Bureau des Services Financiers and has no office or other physical presence in the State of Michigan, and any agent of such broker-dealer, shall be exempt from registration provided there is compliance with each of the follow conditions:

1. The member Canadian broker-dealer and its agents only effect or attempt to effect transactions in securities:
 - (a) With or for a person from Canada who is temporarily present in or visiting the State of Michigan, with whom the Canadian person had a bona fide business-client relationship before the person entered the State of Michigan.
 - (b) With or for a person present in Michigan, whose transactions are in a Canadian self-directed tax advantaged retirement account of which the person is the holder or contributor.
2. Except as provided in SEC Release No. 34-42906 and International Series Release No. 1227 dated June 7, 2000, the member broker-dealer and its agents shall neither advertise Canadian Retirement Accounts in Michigan nor solicit individuals residing in Michigan for new Canadian Retirement Accounts.
3. The member Canadian broker-dealer maintains its provincial territorial registration and membership in a self-regulatory organization or stock exchange in good standing.
4. The member Canadian broker-dealer discloses annually to its clients that it is not regulated by the securities laws of the State of Michigan or the United States.
5. The member Canadian broker-dealer is not in violation of Section 101 of the Act.

Any questions regarding this bulletin should be directed to:

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