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# OFFICE OF FINANCIAL AND INSURANCE SERVICES

## RELEASE NO. 2000-2-S

TO: ALL INTERESTED PARTIES

SUBJECT: Broker-Dealer Financial Statements

General Background:

Currently, Section 203(b) and Rule 603.4(1) of the Michigan Uniform Securities Act, 1964 PA 265, as amended (the "Act"), requires that a broker-dealer file with the Office of Financial and Insurance Services a detailed balance sheet as of a date 6 months, or about 6 months, after the date of the last previous balance sheet filed. Rule 603.4 goes on to specify the conditions for audited and unaudited balance sheets ("financial statements"). Section 204(a)(1)(H) provides in part, that the administrator may deny, suspend, or revoke a registrant if it is insolvent, either in the sense that his liabilities exceed his assets or in the sense that he cannot meet his obligations as they mature.

ACTION OR INTERPRETATION

The Office of Financial and Insurance Services has determined that broker-dealers registered under the Act and with the NASD will not be required to file financial statements with the Office of Financial and Insurance Services unless one or more of the following applies:

1. The Office of Financial and Insurance Services requests on a case-by-case basis, or pursuant to order, that financial statements be submitted.

2. The broker-dealer registrant's financial statements (FOCUS reports) are subject to special review by the NASD or the SEC.

3. The broker-dealer registrant's liabilities exceed its assets.

4. The broker-dealer registrant is not in compliance with the NASD and SEC filing requirements.

5. A trustee has been appointed for the broker-dealer pursuant to the Securities Investor Protection Act.

6. The broker-dealer is submitting an initial application to become registered under the Act.

7. The broker-dealer is not registered with the NASD.

Authority:

Michigan Uniform Securities Act, 1964 PA 265, as amended.

Frank M. Fitzgerald
Commissioner

Dated 5/31/00