

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Bulletin 2009-14-SEC

In the matter of:

**Order No. 09-049-M,
Transition Order administering the
Michigan Uniform Securities Act,
2008 PA 551**

**Issued and entered
this 1st day of September 2009
by Ken Ross
Commissioner**

The Commissioner of the Office of Financial and Insurance Regulation (OFIR) is charged with administration of the Michigan Uniform Securities Act, 1964 PA 265, MCL 451.501 to 451.818, under E.R.O. No. 2000-2, MCL 445.2003 and E.R.O. No. 2008-1, MCL 445.2005, and of R 451.601.0 to R 451.818.1 of the Michigan Administrative Code promulgated pursuant to that act, which act is scheduled for repeal on October 1, 2009.

OFIR is charged with administration of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to 451.2703, which act takes effect on October 1, 2009. The Commissioner of OFIR is charged to perform all duties of the Administrator under both the current and newly enacted Uniform Securities Acts.

The Commissioner must promulgate new administrative rules to implement 2008 PA 551, under the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and that process may be expected to take over six months to complete.

The purpose of this Bulletin is to inform consumers and investors that the Commissioner has issued an order entitled Transition Order administering the Michigan Uniform Securities Act dated September 1, 2009 pursuant to Sections 605 and 703 of 2008 PA 551, MCL 451.2605, 451.2703. A copy of the Transition Order is attached to this Bulletin. The terms of the Transition Order address issues that can be expected to arise during the period from October 1, 2009 until the promulgation of new rules pursuant to the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to 451.2703.

Several of the existing requirements are similar under both the current and newly enacted Uniform Securities Acts. For example, broker-dealers, agents, and investment advisers still register, renew, and amend through the Web CRD/IARD. One significant change is the new requirement that an investment adviser representative must register. OFIR is expecting as many as 10,000 investment adviser representative applicants in the coming months.

In order to assure an orderly procedure for OFIR to process those new registrations, any investment adviser representative not otherwise exempt under MCL 451.2404(2)(a) shall be permitted to transact business in this state as an investment adviser representative temporarily exempt from registration under MCL 451.2404(2)(b) from October 1, 2009 until July 1, 2010, provided that he or she is employed by or associated with an investment adviser properly registered in Michigan or exempt from registration under either Michigan Uniform Securities Act - 1964 PA 265, MCL 451.501 to 451.818, or 2008 PA 551, MCL 451.2101 to 451.2703 - and provided that he or she successfully completes the registration process before July 1, 2010. For the purpose of an investment adviser representative registration, the Web CRD/IARD is expected to be ready to process Michigan applications for investment adviser representatives in November 2009.

OFIR advises that in order to assure compliance with the July 1, 2010 deadline, an investment adviser representative registration should begin January 1, 2010 to allow sufficient time for processing an investment adviser representative completed application. Any investment adviser representative whose registration has not been approved by July 1, 2010 shall not be permitted to transact business in Michigan after July 1, 2010.

The Transition Order also contains provisions on investment adviser custodial orders, advisory contracts, examinations, consent to service of process, and fee requirements.

All administrative orders, effective registrations, statements of policy, interpretative opinions, declaratory rulings, no action determinations, releases, and conditions imposed upon the registrations under the predecessor act and administrative rules remain in effect. The Commissioner may amend this order or issue subsequent orders should additional issues arise during the transition period.

Any questions regarding this Bulletin or Order No. 09-049-M should be directed to:

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Ken Ross, Commissioner

Office of Financial and Insurance Regulation

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

In the matter of:

**Transition Order administering the
Michigan Uniform Securities Act**

Order No. 09-049-M

**Issued and entered
on this 1st day of September 2009
by Ken Ross
Commissioner**

**TRANSITION ORDER ADMINISTERING MICHIGAN
UNIFORM SECURITIES ACT, 2008 PA 551**

WHEREAS, the Commissioner of the Office of Financial and Insurance Regulation (OFIR) is charged with administration of the Michigan Uniform Securities Act, 1964 PA 265, MCL 451.501 to 451.818, under E.R.O. No. 2000-2, MCL 445.2003 and E.R.O. No. 2008-1, MCL 445.2005, and of R 451.601.0 to R 451.818.1 of the Michigan Administrative Code promulgated pursuant to that act, which act is scheduled for repeal on October 1, 2009; and

WHEREAS, OFIR is charged with administration of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to 451.2703, which act takes effect on October 1, 2009; and

WHEREAS, the Commissioner of OFIR is charged to perform all duties of the Administrator under both the current and newly enacted Uniform Securities Acts; and

WHEREAS, the Commissioner must promulgate new administrative rules to implement 2008 PA 551, under the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and that process may be expected to take over six months to complete; and

WHEREAS, Sections 605 and 703 of 2008 PA 551, MCL 451.2605, 451.2703, authorize the Administrator to issue such orders as are necessary in the public interest or for the protection of investors and consistent with the purposes intended by the act, while all administrative orders, effective registrations, statements of policy, interpretative opinions, declaratory rulings, no action determinations, releases, and conditions imposed upon the registrations under the predecessor act and administrative rules remain in effect; and

WHEREAS, Section 406 of 2008 PA 551, MCL 451.2406, requires the registration of investment advisor representatives, not previously required to register, and this provision alone can be expected to generate as many as 10,000 new applications in the coming months which OFIR must review and process; and

WHEREAS, Section 405 of 2008 PA 551, MCL 451.2405(1), provides for notice filings by federal covered investment advisors and Section 302(1) of 2008 PA 551, MCL 451.2302(1) provides for notice filings for a federal covered security as defined in Section 18(b)(2) of the Securities Act of 1933, 15 USC 77r issued by an investment company not exempt under Sections 201 to 203 of 2008 PA 551, MCL 451.2201 to MCL 451.2203; and

WHEREAS, the Administrator has determined that a transition order is necessary in the public interest, necessary for the protection of investors, consistent with the purposes intended by the act, necessary to assure the orderly review and processing of thousands of new applications, and necessary to assure that current registrants, new applicants for registration, issuers or persons acting on behalf of issuers, and other persons active in the industry are aware of their duties and of the procedures OFIR will follow from the time the new act takes effect on October 1, 2009 until new administrative rules implementing the act are promulgated;

NOW THEREFORE, IT IS ORDERED on and after October 1, 2009 as follows:

1. Pursuant to MCL 451.2410(6), the administrator designates the Central Registration Depository (CRD) or the Investment Adviser Registration Depository (IARD), hereafter "Web CRD/IARD," operated by the Financial Industry Regulatory Authority, Inc. (FINRA) to receive and store filings and collect related fees from all persons required to register or notice file under 2008 PA 551; and the administrator further directs applicants, registrants, and persons required to notice file to use the North American Securities Administrators Association (NASAA) forms available at NASAA website, www.nasaa.org, or Web CRD/IARD, or the OFIR Website, www.michigan.gov/ofir.
2. Any person currently registered in Michigan as a broker-dealer, agent, or investment adviser shall seek renewal or withdrawal of that registration electronically through the Web CRD/IARD in accordance with all instructions, requirements, and conditions there specified, including payment of the required fee.
3. Any person currently registered in Michigan as a broker-dealer, agent, or investment adviser required to amend or change a registration shall amend the applicable Web CRD/IARD forms electronically in accordance with all instructions, requirements, and conditions there specified, including payment of the required fee. With respect to an investment adviser that amends its Form ADV, the investment adviser shall also submit the amended Form ADV, Parts I and II, and any amended investment advisory contract, on paper directly to the Administrator with all changes highlighted.
4. Any applicant for initial registration to transact business in this state as a broker-dealer, agent, investment adviser, or investment adviser representative must apply for registration if required by 2008 PA 551 through Web CRD/IARD in accordance with all instructions, requirements, and conditions there specified, including payment of the required fee, and any applicant must also supply such additional documents as the Administrator may request, such as balance sheets, or sample contracts, subject to such additional requirements, conditions, or provisions as are specified in this Order.

5. Unless waived by the administrator, an applicant for initial registration in Michigan who seeks to transact business in this state as a broker-dealer or agent must take and pass, within the two-year period immediately preceding the filing date of the application reflected on the records of the Web CRD/IARD, either the Uniform Securities Agent State Law Examination (S63) or the Uniform Combined State Law Examination (S66), and take and pass within the two year period immediately preceding the filing date of the application reflected on the records of the Web CRD/IARD, the general securities business examination set forth in paragraph (a), unless the applicant's proposed securities activities will be restricted, in which case the applicant is required to take and pass each examination in paragraphs (b) to (h) that relates to the applicant's proposed securities activities:

- (a) the General Securities Representative Examination (S7);
- (b) the Investment Company Products/Variable Contracts Representative Examination (S6);
- (c) the Direct Participation Programs Representative Examination (S22);
- (d) the Municipal Securities Representative Examination (S52);
- (e) the Corporate Securities Limited Representative Examination (S62);
- (f) the Registered Options Representative Examination (S42);
- (g) the Government Securities Representative Examination (S72);
- (h) the Private Placement Representative Examination (S82).

6. All Administrator's orders previously issued to investment adviser registrants under MCL 451.502(h) that specify custodial standards, practices, and conditions shall continue in full force and effect until withdrawn or modified under the Administrative Procedures Act, 1969 PA 306, MCL 24.201.

7. All new applicants for investment adviser registration and all current registered investment advisers without custody orders are prohibited under MCL 451.2411(6) from taking custody of funds or securities until standards for maintaining custody of customer securities and funds are established by further order or promulgation of administrative rules.

8. To assure an orderly procedure for OFIR to process thousands of new registrations, any investment adviser representative not otherwise exempt under MCL 451.2404(2)(a) shall be permitted to transact business in this state as an investment adviser representative temporarily exempt from registration under MCL 451.2404(2)(b) from October 1, 2009 until July 1, 2010, provided that he or she is employed by or associated with an investment adviser properly registered in Michigan or exempt from registration under either Michigan Uniform Securities Act - 1964 PA 265, MCL 451.501 to 451.818, or 2008 PA 551, MCL 451.2101 to 451.2703 - and provided that he or she successfully completes the registration process before July 1, 2010. For the purpose of implementing this paragraph, the Web CRD/IARD is expected to be ready to process Michigan applications for investment adviser representatives in November 2009.

9. In addition to all requirements included in the Web CRD/IARD registration process, initial applicants for registration as an investment adviser representative must pay the fee required by MCL 451.2410, file a consent to service of process, and unless waived by the Administrator, take and pass within the two-year period immediately preceding the date of the application

reflected on the records of the Web CRD/IARD, either the Uniform Investment Adviser State Law Examination (S65) or the Uniform Combined State Law Examination (S66) and the General Securities Representative Examination (S7).

10. An investment adviser representative applicant who has been registered within the past 2 years as an investment adviser representative in a state requiring registration shall not be required to comply with the examination requirement in paragraph 9, and the examination requirement is waived for any person who is current and in good standing as a Certified Financial Planner (CFP,) awarded by the Certified Financial Planners Board of Standards; a Chartered Financial Consultant (ChFC) or Masters of Science and Financial Services (MSFS) awarded by the American College, Bryn Mawr, Pennsylvania; Chartered Financial Analyst (CFA), awarded by the Institute of Chartered Financial Analysts; Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants; or Chartered Investment Counselor (CIC) awarded by the Investment Adviser Association.

11. An initial application for registration as an investment adviser representative shall not be considered filed until the required fee and all required submissions have been received by the administrator. The administrator's approval will be reported through Web CRD/IARD.

12. Under MCL 451.2502(3)(b), authorizing the administrator to specify the contents of an investment advisory contract, an investment adviser, investment adviser representative, or federal covered investment adviser shall not enter into, extend, or renew any investment advisory contract unless it provides in writing all of the following:

(a) The services to be provided, the term of the contract, the investment advisory fee, the formula for computing the fee, the amount of prepaid fee to be returned in the event of termination or non-performance of the contract, and any grant of discretionary power to the investment adviser, investment adviser representative, or federal covered investment adviser.

(b) That the investment adviser, investment adviser representative, or federal covered investment adviser shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client.

(c) That no assignment of the investment advisory contract may be made by any investment adviser, investment adviser representative or federal covered investment adviser without the consent of the other party to the contract.

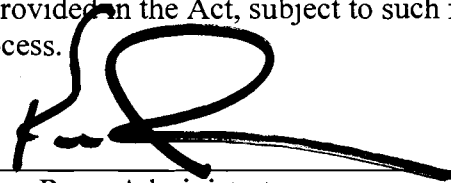
(d) That the investment adviser, investment adviser representative, or federal covered investment adviser, if a partnership, shall notify the other party to the investment advisory contract of any change in the membership of the partnership within fifteen (15) days after the change.

13. A federal covered investment adviser required to notice file under MCL 451.2405(3) shall do so electronically through Web CRD/IARD by properly executing Form ADV, Parts I and II, and paying the fee required by MCL 451.2410(5).

14. With respect to a security issued by an investment company that is a federal covered security as defined in Section 18(b)(2) of the Securities Act of 1933, 15 USC 77r, that is not otherwise exempt under Sections 201 to 203 of 2008 PA 551, MCL 451.2201 to MCL 451.2203, the issuer, or a person acting on behalf of the issuer, shall, before the initial offer of sale in this state, (a) file a consent to service of process available on the website of the North American Securities Administrators Association (NASAA) – www.nasaa.org or on the Administrator’s web site – www.michigan.gov/ofir, and pay the fee required by MCL 451.2302(1)(a); and (b) file with the Administrator all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. After the initial offer of sale, if the issuer files an amendment to its registration statement with the Securities and Exchange Commission, it shall file with the Administrator a copy of all records that are part of any amendment to a federal registration.

15. Under Section 611 of PA 2008 551, MCL 451.2611, the NASAA Form U-2, Consent to Service of Process, available at www.nasaa.org, shall be the form used to provide consent to service of process wherever required by the act.

16. Except as otherwise modified by the terms of this Order, all other provisions of 2008 PA 551 shall be administered, implemented, and enforced as provided in the Act, subject to such further Orders as may be needed throughout the transition process.



Ken Ross, Administrator
Commissioner of the Office of
Financial & Insurance Regulation

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

In the matter of:

Second Transition Order administering the
Michigan Uniform Securities Act

Order No. 09-055-M

Issued and entered
on this 30th day of September 2009
by Ken Ross
Commissioner

SECOND TRANSITION ORDER ADMINISTERING MICHIGAN
UNIFORM SECURITIES ACT, 2008 PA 551

WHEREAS, the Commissioner of the Office of Financial and Insurance Regulation (OFIR) issued on September 1, 2009 Order No. 09-049-M, an initial Transition Order implementing the new Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to 451.2703, which act takes effect on October 1, 2009; and

WHEREAS, the Commissioner of OFIR is charged to perform all duties of the Administrator under both the current and newly enacted Uniform Securities Acts; and

WHEREAS, the Commissioner has determined that subsection (b) of paragraph 14 of said Order needs to be amended to eliminate the stated records filing requirement with respect to an initial offer of sale in this state;

NOW, THEREFORE, IT IS ORDERED that Paragraph 14 of Order No. 09-049-M is deleted, and the following is substituted as Paragraph 14:

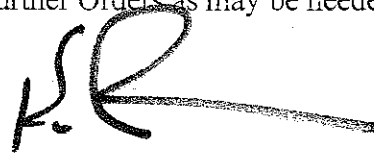
14. With respect to a security issued by an investment company that is a federal covered security as defined in Section 18(b)(2) of the Securities Act of 1933, 15 USC 77r, that is not otherwise exempt under Sections 201 to 203 of 2008 PA 551, MCL 451.2201 to MCL 451.2203, the issuer, or a person acting on behalf of the issuer, shall, before the initial offer of sale in this state, (a) file a consent to service of process available on the website of the North American Securities Administrators Association (NASAA) – www.nasaa.org or on the Administrator's web site – www.michigan.gov/ofir, and pay the fee required by MCL 451.2302(1)(a); and (b) file with the Administrator ~~all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933.~~ the Uniform Investment Company Notice Filing form (Form NF) also available at www.nasaa.org or on the Administrator's web site – www.michigan.gov/ofir. After the initial offer of sale, if the issuer files an amendment to its registration statement with the Securities and Exchange Commission, it shall file with the

Administrator a copy of all records that are part of any amendment to a federal registration of the amendment.

IT IS FURTHER ORDERED THAT a corrected paragraph 14, without editing shown, be posted immediately to the OFIR website, to read as follows:

14. With respect to a security issued by an investment company that is a federal covered security as defined in Section 18(b)(2) of the Securities Act of 1933, 15 USC 77r, that is not otherwise exempt under Sections 201 to 203 of 2008 PA 551, MCL 451.2201 to MCL 451.2203, the issuer, or a person acting on behalf of the issuer, shall, before the initial offer of sale in this state, (a) file a consent to service of process available on the website of the North American Securities Administrators Association (NASAA) – www.nasaa.org or on the Administrator's web site – www.michigan.gov/ofir, and pay the fee required by MCL 451.2302(1)(a); and (b) file with the Administrator the Uniform Investment Company Notice Filing form (Form NF) also available at www.nasaa.org or on the Administrator's web site – www.michigan.gov/ofir. After the initial offer of sale, if the issuer files an amendment to its registration statement with the Securities and Exchange Commission, it shall file with the Administrator a copy of the amendment.

Except as modified by the terms of this Order, IT IS FURTHER ORDERED THAT all other provisions of Order No. 09-049-M and 2008 PA 551 shall be administered, implemented, and enforced as provided in the Act, subject to such further Orders as may be needed throughout the transition process.



Ken Ross, Administrator
Commissioner of the Office of
Financial & Insurance Regulation

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

In the matter of:

**Third Transition Order administering the
Michigan Uniform Securities Act**

Order No. 09-070-M

**Issued and entered
on this 18th day of December 2009
By Ken Ross
Commissioner**

**THIRD TRANSITION ORDER ADMINISTERING MICHIGAN
UNIFORM SECURITIES ACT, 2008 PA 551**

WHEREAS, the Commissioner of the Office of Financial and Insurance Regulation (OFIR) issued a Transition Order on September 1, 2009, Order No. 09-049-M (First Transition Order), and issued a Second Transition Order on September 30, 2009, Order No. 09-055-M (Second Transition Order), implementing the Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to 451.2703 (Act), which act took effect on October 1, 2009; and

WHEREAS, the Commissioner of OFIR is charged with the administration of the Act and authorized under Section 605, MCL 451.2605, to issue such orders as are necessary in the public interest or for the protection of investors that are consistent with the purposes intended by the Act; and

WHEREAS, Section 203 of the Act, MCL 451.2203, authorizes the Administrator by order to exempt a transaction from any or all of the registration requirements of Sections 301 to 306, MCL 451.2301 to MCL 451.2306, and the sales and advertising filing requirements of Section 504 of the Act, MCL 451.2504; and

WHEREAS, paragraph 10 of the First Transition Order requires amendment and clarification as set forth in this Third Transition Order; and

WHEREAS, Section 406(5) of the Act, MCL 451.2406(5), authorizes the Administrator by order to impose registration conditions not inconsistent with the National Securities Markets Improvement Act of 1996; and

WHEREAS, Section 411(1) of the Act, MCL 451.2411(1), authorizes the Administrator by order to establish minimum financial requirements for broker-dealers and investment advisers; and

WHEREAS, Section 411(3) of the Act, MCL 451.2411(3), authorizes the Administrator by order to determine what records a broker-dealer and an investment adviser must maintain; and

WHEREAS, Section 411(7) of the Act, MCL 451.2411(7), authorizes the Administrator by order to require that an investment adviser registered or required to be registered under the Act furnish or disseminate to clients or prospective clients in Michigan information as necessary or appropriate in the public interest and for the protection of investors and advisory clients, and

WHEREAS, Section 412(5) of the Act, MCL 451.2412(5), authorizes the Administrator by order to require a class of individuals to successfully complete an examination.

NOW, THEREFORE, IT IS ORDERED as of October 1, 2009, as follows:

1. The sale of capital stock issued by a professional service corporation formed under the Professional Service Corporation Act, 1962 PA 192, MCL 450.221 to MCL 450.235, shall be exempt under Section 203 of the Act, MCL 451.2203, from the registration requirements of Sections 301 to 306, MCL 451.2301 to MCL 451.2306, and the sales and advertising filing requirements of Section 504 of the Act, MCL 451.2504.
2. The sale of membership interests by a Professional Limited Liability Company formed to render the professional services specifically described in Section 902(b) of the Michigan Limited Liability Company Act, 1993 PA 23, MCL 450.4901 to MCL 450.4910, shall be exempt under Section 203 of the Act, MCL 451.2203, from the registration provisions of Sections 301 to 306, MCL 451.2301 to MCL 451.2306, and the sales and advertising filing requirements of Section 504 of the Act, MCL 451.2504.
3. An intra-industry transaction by and among persons engaged in the oil, gas, and mineral business as specified in R 451.803.5(1)-(3) of the Michigan Administrative Code, which specifications, excluding statutory citations, are incorporated into this Order and made a part hereof, shall be exempt under Section 203 of the Act, MCL 451.2203, from the registration provisions of Sections 301 to 306, MCL 451.2301 to MCL 451.2306, and the sales and advertising filing requirements of Section 504 of the Act, MCL 451.2504.

IT IS FURTHER ORDERED as of January 1, 2010, as follows:

Paragraph 10 of the First Transition Order is amended as follows:

4. 10. ON AND AFTER JANUARY 1, 2010, An investment adviser representative applicant, ~~who has been registered within the past 2 years as an investment adviser representative~~ WITHIN TWO YEARS IMMEDIATELY PRECEDING THE DATE OF APPLICATION, AS REFLECTED IN THE RECORDS OF THE WEB CRD/IARD, in a state requiring registration shall ~~not be required to comply with~~ SUBJECT TO the examination requirement in paragraph 9 OF THE FIRST TRANSITION ORDER, AS LONG AS THE APPLICANT'S STATE OF REGISTRATION ALSO REQUIRED THE

APPLICANT TO TAKE AND PASS EITHER THE UNIFORM INVESTMENT ADVISER STATE LAW EXAM (S65) OR THE UNIFORM COMBINED STATE LAW EXAMINATION (S66), AND THE GENERAL SECURITIES REPRESENTATIVE EXAMINATION (S7). ~~and~~ The examination requirement OF PARAGRAPH 9 OF THE FIRST TRANSITION ORDER is waived for any person who is current and in good standing as a Certified Financial Planner (CFP), awarded by the Certified Financial Planners Board of Standards; a Chartered Financial Consultant (ChFC) or Masters of Science and Financial Services (MSFS), awarded by the American College, Bryn Mawr, Pennsylvania; Chartered Financial Analyst (CFA), awarded by the Institute of Chartered Financial Analysts; Personal Financial Specialist (PFS), awarded by the American Institute of Certified Public Accountants; or Chartered Investment Counselor (CIC), awarded by the Investment Adviser Association.

IT IS FURTHER ORDERED that an amended paragraph 10, without editing, be immediately posted to the OFIR website, <http://web2.cis.ad.state.mi.us/ofir/home.asp>:

10. On and after January 1, 2010, an investment adviser representative applicant, registered as an investment adviser representative within two years immediately preceding the date of application, as reflected in the records of the Web CRD/IARD, in a state requiring registration, shall not be subject to the examination requirement in paragraph 9 of the First Transition Order, as long as the applicant's state of registration also required the applicant to take and pass either the Uniform Investment Adviser State Law Exam (S65) or the Uniform Combined State law Examination (S66), and the General Securities Representative Examination (S7). The examination requirement of paragraph 9 of the First Transition Order is waived for any person who is current and in good standing as a Certified Financial Planner (CFP), awarded by the Certified Financial Planners Board of Standards; a Chartered Financial Consultant (ChFC) or Masters of Science and Financial Services (MSFS), awarded by the American College, Bryn Mawr, Pennsylvania; Chartered Financial Analyst (CFA), awarded by the Institute of Chartered Financial Analysts; Personal Financial Specialist (PFS), awarded by the American Institute of Certified Public Accountants; or Chartered Investment Counselor (CIC), awarded by the Investment Adviser Association.

5. If an applicant for registration as a broker-dealer, agent, investment adviser, and/or investment adviser representative fails to complete or withdraw an application within 90 days from the date of filing, under Section 406(5) of the Act, MCL 451.2406(5), the Administrator shall be authorized to withdraw the incomplete application.

6. Pursuant to Section 411(1) of the Act, MCL 451.2411(1):

(a) A broker-dealer, registered or required to be registered under the Act, shall maintain net capital in such minimum amounts as are designated in Rule 15c3-1, 17 CFR 240.15c3-1, promulgated under the Securities Exchange Act of 1934, 15 USC 78o, for the activities to be engaged in by the broker-dealer in this state.

(b) The aggregate indebtedness of a broker-dealer to all other persons shall not exceed the levels prescribed under Rule 15c3-1, 17 CFR 240.15c3-1, promulgated under the Securities Exchange Act of 1934, 15 USC 78o.

(c) If a broker-dealer is an individual, the person shall segregate from personal capital an amount sufficient to satisfy the net capital requirement, and the amount so segregated shall be utilized solely for the business for which the broker-dealer is registered. The full text of Rule 15c3-1 is available at <http://www.sec.gov> under "About the SEC," then "Laws and Regulations."

7. Pursuant to Section 411(1) of the Act, MCL 451.2411(1):

(a) Each investment adviser registered or required to be registered under the Act, whose principal office is in this state, shall maintain at all times a positive net worth. If an investment adviser is an individual, the person shall segregate from personal capital an amount sufficient to maintain a positive net worth, and the amount so segregated shall be utilized solely for the business for which the investment adviser is registered.

(b) This section shall not apply to any investment adviser with its principal office in a state other than this state, provided that the investment adviser is registered in that state and is in compliance with that state's minimum net capital requirements, if any.

8. Pursuant to Section 411(3) of the Act, MCL 451.2411(3):

(a) A broker-dealer registered or required to be registered under the Act shall prepare and keep current at its principal office the books and records as described in Rules 17a-3 and 17a-4, 17 CFR 240.17a-3, promulgated under the Securities Exchange Act of 1934, 15 USC 78a to 78nn.

(b) A broker-dealer registered or required to be registered under the Act shall preserve the records required under (a) according to the schedule provided in Rule 17a-4, 17 CFR 240.17a-4, promulgated under the Securities Exchange Act of 1934, 15 USC 78a to 78nn, in compliance with the requirements of the U.S. Securities and Exchange Commission concerning preservation and microfilming of records or other means of retention of records.

(c) Every branch office of a broker-dealer registered or required to be registered under the Act, shall prepare and keep current the branch office books and records as described in Rule 17a-3, 17 CFR 240.17a-3, promulgated under the Securities Exchange Act of 1934, 15 USC 78a to 78nn.

(d) This section does not require a registered broker-dealer to make and keep such records of transactions cleared on its behalf by another broker-dealer as are customarily made and kept by the clearing broker-dealer. The full text of Rules

17a-3 and 17a-4 are available at <http://www.sec.gov> under "About the SEC," then "Laws and Regulations."

9. Pursuant to Section 411(3) of the Act, MCL 451.2411(3):

(a) An investment adviser registered or required to be registered in this state shall prepare and keep current at its office, or at a designated office located in this state and approved in writing by the Administrator, the books and records relating to its business in accordance with Rule 204-2, 17 CFR 275.204-2, promulgated under Section 204 of the Investment Advisers Act of 1940.

(b) An investment adviser registered or required to be registered in this state and with its principal place of business in a state other than this state shall be exempt from the requirements of this section, provided the investment adviser is registered or licensed in that state and is in compliance with that state's recordkeeping requirements. The full text of Rule 204-2, 17 CFR 275.204-2, promulgated under the Investment Advisers Act of 1940 is available at <http://www.sec.gov> under "About the SEC", then "Laws and Regulations."

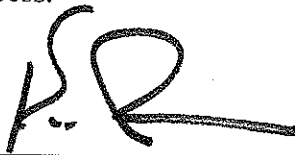
10. Pursuant to Section 411(7) of the Act, MCL 451.2411(7):

(a) An investment adviser registered or required to be registered under the Act shall furnish each investment advisory client and prospective investment advisory client with a written disclosure statement which may be a copy of Part II of the investment adviser's Form ADV or a written document containing at least the information required by Part II of Form ADV. The investment adviser shall deliver the statement required by this paragraph to an investment advisory client or prospective investment advisory client not less than 48 hours before entering into any investment advisory contract with the client or prospective client or at the time of entering into any such contract, if the client has a right to terminate the contract without penalty within 5 business days after entering into the contract.

(b) An investment adviser registered or required to be registered under the Act shall annually and without charge deliver or offer to deliver to each of its advisory clients the disclosure statement required by this paragraph. A disclosure statement required by this paragraph and requested in writing by an advisory client pursuant to an offer to deliver must be mailed or delivered within 7 business days of the request.

11. Pursuant to Section 412(5) of the Act, MCL 451.2412(5), the examination requirements specified in R 451.604.3 of the Michigan Administrative Code, which specifications, excluding statutory citations, are incorporated into this Order and made a part hereof, shall apply to individuals seeking registration under Sections 401 or 402, MCL 451.2401 and MCL 451.2402.

12. Except as MODIFIED by the terms of this Order, all other provisions of the First Transition Order, the Second Transition Order and the Act shall be administered, implemented, and enforced as provided in the Act, subject to such further Orders as may be needed throughout the transition process.

A handwritten signature in black ink, appearing to be 'K. Ross', written over a horizontal line.

Ken Ross, Administrator
Commissioner of the Office of
Financial & Insurance Regulation

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

In the matter of:

**Fourth Transition Order administering the
Michigan Uniform Securities Act**

Order No. 10-026-M

**Issued and entered
on this 11th day of March 2010
By Ken Ross
Commissioner**

**FOURTH TRANSITION ORDER ADMINISTERING MICHIGAN
UNIFORM SECURITIES ACT, 2008 PA 551**

WHEREAS, the Commissioner of the Office of Financial and Insurance Regulation (OFIR) issued the following Transition Orders implementing the Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 to MCL 451.2703 (Act), which Act took effect on October 1, 2009: (1) Order No. 09-049-M (First Transition Order), dated September 1, 2009; (2) Order No. 09-055-M (Second Transition Order), dated September 30, 2009; and (3) Order No. 09-070-M, dated December 18, 2009 (Third Transition Order); and

WHEREAS, the Commissioner of OFIR is charged with the administration of the Act and authorized under Section 605 of the Act, MCL 451.2605, to issue such orders as are necessary or appropriate in the public interest or for the protection of investors that are consistent with the purposes intended by the Act; and

WHEREAS, Section 307 of the Act, MCL 451.2307, authorizes the Administrator to waive or modify, in whole or in part, any or all of the requirements of Section 302 of the Act, MCL 451.2302; and

WHEREAS, Section 404(1) of the Act, MCL 451.2404(1), prohibits an individual from transacting business in Michigan as an Investment Adviser Representative (IAR) unless the individual is registered under the Act as an IAR (or is exempt), and paragraph 8 of the First Transition Order extended the registration deadline for IARs to register with Michigan from October 1, 2009 to July 1, 2010; and

WHEREAS, subject to Section 222 of the Investment Advisers Act of 1940, 15 USC 80-b-18a, Section 411(6) of the Act, MCL 451.2411(6), authorizes the Administrator to prohibit, limit, or impose conditions on the custody of funds or securities of a client of an Investment Adviser (IA); and

WHEREAS, Section 412(1)-(4) of the Act, MCL 451.2412(1)-(4), authorizes the Administrator, in the public interest, to issue an order and impose a civil fine of not more than \$10,000.00 if the IAR filed an application for registration in this state under this Act that contained a statement that was false or misleading with respect to a material fact; and

WHEREAS, Section 412(5) of the Act, MCL 451.2412(5), authorizes the Administrator to require that an examination, including an examination developed or approved by an organization of securities regulators, be successfully completed by a class of individuals; and

WHEREAS, pursuant to Section 604(4)(a) of the Act, MCL 451.2604(4)(a), the Administrator may issue an order for appropriate relief, including imposition of a fine of not more than \$10,000.00 for a single violation of the Act or a rule or order issued pursuant to the Act.

NOW, THEREFORE, IT IS ORDERED as follows:

1. Pursuant to Section 307 of the Act, MCL 451.2307, if an issuer notice files under Section 302(4) of the Act, MCL 451.2302(4), by submitting U.S. Securities and Exchange Commission FORM D, (expires June 12, 2012), which is available on the North American Securities Administrators Association (NASAA) website at http://www.nasaa.org/Industry_Regulatory_Resources/Uniform_Forms/, the issuer is not required to submit a separate consent to service of process form pursuant to Section 302(4)(b) of the Act, MCL 451.2302(4)(b).

2. Pursuant to Section 411(6) of the Act, MCL 451.2411(6), Paragraph 7 of the First Transition Order is amended as follows:

7. All new applicants for investment adviser registration and all ~~current registered~~ investment advisers without custody orders are prohibited under MCL 451.2411(6) from taking custody of CLIENT funds or securities until standards for maintaining custody of customer securities and CLIENT funds are established by further order or promulgation of administrative rules. HOWEVER, THE ADMINISTRATOR MAY STILL REVIEW WRITTEN REQUESTS FOR CUSTODY ORDERS SUBMITTED BY AN INVESTMENT ADVISER, AND IF THE ADMINISTRATOR APPROVES SUCH REQUEST HE MAY ISSUE A CUSTODY ORDER TO THE INVESTMENT ADVISER, WHICH ORDER MAY INCLUDE LIMITATIONS, CONDITIONS OR OTHER REQUIREMENTS AS THE ADMINISTRATOR DEEMS NECESSARY OR APPROPRIATE IN THE PUBLIC INTEREST.

IT IS FURTHER ORDERED that an amended paragraph 7, without editing shown be immediately posted to the OFIR website, <http://web2.cis.ad.state.mi.us/ofir/home.asp>:

7. All new applicants for investment adviser registration and all investment advisers without custody orders are prohibited under MCL 451.2411(6) from taking custody of client funds or securities until standards for maintaining custody of customer securities and client funds are established by further order or promulgation of administrative rules. However, the administrator may still review written requests for custody orders submitted by an investment adviser, and if the Administrator approves such request he may issue a custody order to the Investment Adviser, which order may include limitations, conditions or other requirements as the Administrator deems necessary or appropriate in the public interest.

3. Paragraph 8 of the First Transition Order is amended as follows:

8. To assure an orderly procedure for OFIR to process thousands of new registrations, any investment adviser representative not otherwise exempt under MCL 451.2404(2)(a) shall be permitted to transact business in this state as an investment adviser representative temporarily exempt from registration under MCL 451.2404(2)(b) from October 1, 2009 until ~~July 1,~~ NOVEMBER 1, 2010, provided that he or she is employed by or associated with an investment adviser properly registered in Michigan or exempt from registration under ~~either~~ THE Michigan Uniform Securities Act, - 1964 PA 265, MCL 451.501 to 451.818, ~~or~~ 2008 PA 551, MCL 451.2101 to 451.2703, and provided that he or she successfully completes the registration process ~~before July~~ BY November 1, 2010. For the purpose of implementing this paragraph, the Web CRD/IARD is expected to be ready to process Michigan applications for investment adviser representatives in November 2009. IAR APPLICANTS SHOULD FILE THEIR APPLICATIONS WITH THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) THROUGH WEB CRD/IARD NO LATER THAN SEPTEMBER 1, 2010 IN ORDER TO ALLOW OFIR SUFFICIENT TIME TO PROCESS THE APPLICATIONS. NOTWITHSTANDING THE FOREGOING, OFIR CANNOT GUARANTEE THAT APPLICATIONS FILED WITH FINRA THROUGH WEB CRD/IARD BY SEPTEMBER 1, 2010 WILL BE PROCESSED BY THE NOVEMBER 1, 2010 REGISTRATION DEADLINE. IAR APPLICANTS ARE ENCOURAGED TO APPLY FOR REGISTRATION THROUGH FINRA WEB CRD/IARD AS EARLY AS POSSIBLE. AN IAR WHOSE APPLICATION IS NOT APPROVED AS OF NOVEMBER 1, 2010, CANNOT CONDUCT

BUSINESS IN MICHIGAN AS AN IAR UNTIL OFIR APPROVES
THE IAR'S APPLICATION.

IT IS FURTHER ORDERED that an amended paragraph 8, without editing shown be immediately posted to the OFIR website,
<http://web2.cis.ad.state.mi.us/ofir/home.asp>:

8. To assure an orderly procedure for OFIR to process thousands of new registrations, any investment adviser representative not otherwise exempt under MCL 451.2404(2)(a) shall be permitted to transact business in this state as an investment adviser representative temporarily exempt from registration under MCL 451.2404(2)(b) from October 1, 2009 until November 1, 2010, provided that he or she is employed by or associated with an investment adviser properly registered in Michigan or exempt from registration under the Michigan Uniform Securities Act, 2008 PA 551, MCL 451.2101 to 451.2703, and provided that he or she successfully completes the registration process by November 1, 2010. For the purpose of implementing this paragraph, the Web CRD/IARD is expected to be ready to process Michigan applications for investment adviser representatives in November 2009. IAR applicants should file their applications with the Financial Industry Regulatory Authority (FINRA) through Web CRD/IARD no later than September 1, 2010 in order to allow OFIR sufficient time to process the applications. Notwithstanding the foregoing, OFIR cannot guarantee that applications filed with FINRA through Web CRD/IARD by September 1, 2010 will be processed by the November 1, 2010 registration deadline. IAR applicants are encouraged to apply for registration through FINRA Web CRD/IARD as early as possible. An IAR whose application is not approved as of November 1, 2010, cannot conduct business in Michigan as an IAR until OFIR approves the IAR's application.

4. (a) Pursuant to Section 412(5) of the Act, MCL 451.2412(5), until August 2, 2010, an IAR Applicant shall not be subject to the examination requirement in paragraph 9 of the First Transition Order, as clarified by paragraph 4 of the Third Transition Order, if the Chief Compliance Officer (CCO) and the Owner or Officer of the IA firm with which the IAR is currently employed, and the IAR, submit to OFIR as part of the IAR's application, a written Investment Adviser Representative (IAR) Certification and Consent Form, form number FIS 0580 (the Form), which is available on the OFIR website.

(b) Pursuant to Section 412(1)-(4) of the Act, MCL 451.2412(1)-(4) and Section 604 of the Act, MCL 451.2604, the Administrator is authorized to issue an order and impose a civil fine if the material information on the Form is found to be false, misleading or inaccurate.

(c) The Form requires the CCO and the Owner or Officer of the IA Firm and the IAR to (i) attest to the fact that the following material information is true and accurate; and (ii) agree to entry of an order and imposition of a fine if OFIR determines that the information is not true and accurate:

(1) The IAR has been continuously employed by an IA firm and has been performing IAR services without a two or more year break in service, since he/she passed the Series 65 or the series 66 examination; and

(2) The IAR applicant has filed his/her U-4 form application requesting IAR registration in Michigan through FINRA Web CRD/IARD.

(3) The undersigned CCO, IA Owner or Officer and IAR affirm that the foregoing material information is true and accurate and agree that if OFIR determines that any of the foregoing information is false, inaccurate, or misleading, the CCO, the Owner or Officer of the IA firm, and the IAR consent to entry of an Order (a) identifying the false, inaccurate, or misleading information; and (b) obligating the CCO, the Owner or Officer of the IA firm, and the IAR to pay to OFIR a fine in the amount of \$10,000.00; and (c) directing that all fees earned be refunded to the affected clients of the IAR from the date the IAR became registered in Michigan through the date OFIR determines that the information on the Form was false, inaccurate or misleading and so notifies the IAR, the CCO and the Owner or Officer of the IA firm.

(4) Additionally, with respect to the foregoing, the undersigned CCO, IA Owner or Officer and IAR each waive all due process and procedural requirements of the Michigan Administrative Procedures Act of 1969, MCL 24.201 and the Act.

(d) WAIVER OF THE IAR APPLICANT'S EXAMINATION REQUIREMENT THROUGH SUBMISSION OF THE FORM TO OFIR DOES NOT CONSTITUTE AN APPROVAL OF THE IAR APPLICATION. ALL FORMS MUST BE SUBMITTED TO OFIR NO LATER THAN AUGUST 2, 2010. AFTER AUGUST 2, 2010, OFIR SHALL NOT ACCEPT A FORM SEEKING TO WAIVE AN IAR APPLICANT'S EXAMINATION REQUIREMENT AND THE EXAMINATION REQUIREMENT SET FORTH IN PARAGRAPH 9 OF THE FIRST TRANSITION ORDER, AS CLARIFIED BY PARAGRAPH 4 OF THE THIRD TRANSITION ORDER, SHALL BE ENFORCED.

(e) AFTER NOVEMBER 1, 2010, IF AN IAR APPLICANT'S EXAMINATION REQUIREMENT HAS BEEN WAIVED, BUT OFIR HAS NOT APPROVED THE IAR'S APPLICATION, THE IAR APPLICANT IS NOT ALLOWED TO CONDUCT BUSINESS IN MICHIGAN AS AN IAR UNTIL OFIR HAS APPROVED THE APPLICATION.

NOTE: OFIR CANNOT GUARANTEE THAT AN IAR REQUESTING AN EXAMINATION WAIVER WILL HAVE HIS/HER APPLICATION APPROVED BY THE REGISTRATION DEADLINE DATE EVEN IF THE APPLICATION IS SUBMITTED TO OFIR BY AUGUST 2, 2010.

(f) IF AN IAR APPLICANT IS ENTITLED TO A REFUND OF HIS/HER FINRA EXAMINATION FEES BECAUSE AN IAR APPLICANT'S EXAMINATION REQUIREMENT IS WAIVED AS DESCRIBED ABOVE, AND THE IAR HAS NOT/DID NOT TAKE THE EXAMINATION, THE IAR'S REFUND REQUEST CAN ONLY BE SUBMITTED TO OFIR FOR PROCESSING AFTER THE NOVEMBER 1, 2010 EXTENDED REGISTRATION DEADLINE DATE.

5. Except as MODIFIED by the terms of this Order, all other provisions of the First Transition Order, the Second Transition Order, the Third Transition Order and the Act shall be administered, implemented, and enforced as provided in the Act, subject to such further Orders as may be needed throughout the transition process.



Ken Ross, Administrator
Commissioner of the Office of
Financial & Insurance Regulation

Investment Adviser Representative (IAR) Certification and Consent

Our firm _____ IA Firm IARD # _____
(Name of Investment Adviser (IA) Firm)

is hereby requesting a waiver of the examination requirements for the IAR listed below.

Name of IAR _____ IAR CRD# _____
Date IAR passed S65 or S66 examination _____

REMINDER: THERE CANNOT BE A BREAK IN IAR EMPLOYMENT OF MORE THAN TWO YEARS.

IAR's Employment Dates (since exam was taken) IAR's Employers and job duties at each employer (Attach additional pages as needed)
(since exam was taken)

I, _____, certify that I have been employed or engaged by one or more IA firms performing services for which IAR registration is required under the Act without a break in service lasting more than two years since I passed the Series 65 or the series 66 examination. After diligent review of records and information available, I further certify that the above material information is true and accurate to the best of my knowledge, information and belief, and I agree to entry of an order and imposition of a fine if OFIR determines that the information is not true and accurate. I have also read the Fourth Transition Order issued on March 11, 2010 and consent to all penalties to be assessed if false, inaccurate or misleading information is provided.

IAR Signature _____ Date _____

I, _____, certify that the IAR identified above has been employed or engaged by one or more IA firms performing services for which IAR registration is required under the Act without a break in service lasting more than two years since he/she passed the Series 65 or the series 66 examination. After diligent review of records and information available, I further certify that the above material information is true and accurate to the best of my knowledge, information and belief, and I agree to entry of an order and imposition of a fine if OFIR determines that the information is not true and accurate. I have also read the Fourth Transition Order issued on March 11, 2010 and consent to all penalties to be assessed if false, inaccurate or misleading information is provided.

Chief Compliance Officer of IA Firm Signature _____ Date _____

I represent that I, _____, am authorized to execute this IAR Certification and Consent on behalf of the IA Firm identified above and certify that the IAR identified above has been employed or engaged by one or more IA firms performing services for which IAR registration is required under the Act without a break in service lasting more than two years since he/she passed the Series 65 or the series 66 examination. After diligent review of records and information available, I further certify that the above material information is true and accurate to the best of my knowledge, information and belief, and I agree to entry of an order and imposition of a fine if OFIR determines that the information is not true and accurate. I have also read the Fourth Transition Order issued on March 11, 2010 and consent to all penalties to be assessed if false, inaccurate or misleading information is provided.

IA Firm Owner or Officer Signature _____ Date _____

RETURN COMPLETED FORM TO THE OFFICE OF FINANCIAL AND INSURANCE REGULATION

Office of Financial and Insurance Regulation
Securities Section
P.O. Box 30701
Lansing, MI 48909-8201

Authority: PA 551 of 2008. This form is mandatory pursuant to the Fourth Transition Order No. 10-026-M.



Michigan Department of Energy, Labor & Economic Growth
DELEG is an equal opportunity employer/program.
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Visit OFIR online at: www.michigan.gov/ofir Phone OFIR toll-free at: 1-877-999-6442