

Michigan Office of Administrative Hearings and Rules
Administrative Rules Division (ARD)

MOAHR-Rules@michigan.gov

REQUEST FOR RULEMAKING (RFR)

1. Department:

Attorney General

2. Bureau:

Financial Crimes Division

3. Promulgation type:

Full Process

4. Title of proposed rule set:

Uniform Securities Act (2002)

5. Rule numbers or rule set range of numbers:

R 14.31 - R 14.39

6. Estimated time frame:

6 months

Name of person filling out RFR:

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7. Describe the general purpose of these rules, including any problems the changes are intended to address.

The purpose of these rules is to proscribe methods for notifying the county prosecutor of suspected or detected covered financial exploitation observed by a broker-dealer or investment adviser, as provided in section 535(5) and subsection 535(6) of the 2023 amendments to the uniform securities act (2002), 2023 PA 306. MCL 451.2535(5) & (6).

8. Please cite the specific promulgation authority for the rules (i.e. department director, commission, board, etc.).

MCL 451.2535(5) & (6) provide that notice must be made in a manner prescribed by the attorney general.

A. Please list all applicable statutory references (MCLs, Executive Orders, etc.).

MCL 451.2531, 451.2533, 451.2535, 451.2537, 451.2539, 451.2541, and 451.2543.

B. Are the rules mandated by any applicable constitutional or statutory provision? If so, please explain.

MCL 451.2535(5) & (6) provide that notice must be made in a manner prescribed by the attorney general.

9. Please describe the extent to which the rules conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level.

The proposed rules do not conflict with or duplicate similar rules, compliance requirements, or other standards. The proposed rules are new and will be promulgated pursuant to authority granted the Department of Attorney General under the amendments to the uniform securities act (2002), 2023 PA 306, referenced above. It is not anticipated that the rules conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional or federal level.

10. Is the subject matter of the rules currently contained in any guideline, handbook, manual, instructional bulletin, form with instructions, or operational memoranda?

No.

11. Are the rules listed on the department's annual regulatory plan as rules to be processed for the current year?

No.

12. Will the proposed rules be promulgated under Section 44 of the Administrative Procedures Act, 1969 PA 306, MCL 24.244, or under the full rulemaking process?

Full Process

13. Please describe the extent to which the rules exceed similar regulations, compliance requirements, or other standards adopted at the state, regional, or federal level.

The proposed rules do not exceed similar regulations, compliance requirements, or other standards adopted at the state or federal level. Broadly, the amendments to the uniform securities act (2002) were made to require broker-dealers and investment advisers to report financial exploitation of their clients or customers to APS or law enforcement, which was not previously required under Michigan law. The purpose of these specific rules is to provide a method for (1) APS or law enforcement to notify county prosecutors that they have received a report of suspected or detected covered financial exploitation from the broker-dealer or investment adviser, and (2) broker-dealers or investment advisers to notify county prosecutors directly if they are not receiving a response from APS/law enforcement that they should receive under the act.

14. Do the rules incorporate the recommendations received from the public regarding any complaints or comments regarding the rules? If yes, please explain.

No.

15. If amending an existing rule set, please provide the date of the last evaluation of the rules and the degree, if any, to which technology, economic conditions, or other factors have changed the regulatory activity covered by the rules since the last evaluation.

The proposed rules are new.

16. Are there any changes or developments since implementation that demonstrate there is no continued need for the rules, or any portion of the rules?

No.

17. Is there an applicable decision record (as defined in MCL 24.203(6) and required by MCL 24.239(2))? If so, please attach the decision record.

No

Based on the information provided in this RFR, MOAHR concludes that there are sufficient policy and legal bases for approving the RFR. The RFR satisfies the requirements of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and Executive Order No. 2019-6.