

REGULATION OF SECURITIES COMMITTEE REPORT
REPORT PREPARED FOR THE JUNE 11, 2019 COUNCIL MEETING

1. Next Scheduled Meeting of the Committee.

October, 2019 (date and location to be determined), subject to a possible interim conference call meeting before then.

2. Council Approval.

No approval is being requested at this time.

3. Membership.

Members are added periodically, including women and minorities.

4. Accomplishments Toward Committee Objectives.

The Committee last met on October 22, 2018. Topics discussed included rule-making by LARA's Corporations, Securities and Commercial Licensing Bureau ("CSCLB"), pursuant to Michigan's Uniform Securities Act, which is expected to be submitted by the Office of Regulatory Reform to the Secretary of State in the fourth quarter of 2018 and to become effective no sooner than in the second calendar quarter of 2019. LARA-sponsored educational programs on the new rules in Troy and Grand Rapids were discussed, in addition to discussion on potential program planning on the new rules in 2019 with Committee members as presenters. Other matters discussed included the MSU Midwest Securities Institute held on October 12, 2018, at which Committee members spoke or participated in program planning.

The Rules Review Subcommittee met on March 26, 2018, relative to the publication of the CSCLB's updated rule-making. The Subcommittee submitted to CSCLB supplemental comments on the updated rule-making on April 3, 2018. Representatives of the Subcommittee had a follow-up conference call with CSCLB's representative on May 3, 2018.

The Rules Review Subcommittee was notified in January, 2019 by CSCLB that the Office of the Great Seal has designated July 3, 2019 as the effective date for the rule set generally, with the Private Fund Adviser Exemption having a one-year transition period, which would make the effective date for it at January 3, 2020. On March 13, 2019, the agency sponsored a seminar, open to the public on, *Protecting Michigan's Senior Investors and Presenting the New Securities Rules*. Committee members Stephen Brey and Shane Hansen spoke on the new rule-making set.

Previously, the Committee met on October 10, 2017. Topics discussed included the status of Michigan Uniform Securities Act Rule-Making and related matters, the MSU Midwest Securities Institute held on October 6, 2017 (at which Committee members spoke or participated in program planning), an update on recurring issues (e.g., M&A broker regulation, etc.), new topics of interest, discussion on publications and potential programs (for example, securities boot camp program), and the Committee's 2018 meeting schedule. CSCLB published proposed securities rules in the Michigan Register on September 1, 2016, and held a public hearing on the proposed rules on September 6, 2016. The Committee's Rules Review Subcommittee met on September 20, 27 and 30, 2016 concerning the proposed Michigan securities rules. Following BLS Council approval of the Subcommittee's comments on the proposed securities rules on October 8, 2016, and completion of the State Bar's clearance process, the Subcommittee delivered its comments on the proposed securities rules to CSCLB on October 10, 2016. The Subcommittee's comment letter and related resources are available on the BLS home page.

The Subcommittee met with the CSCLB staff on November 7, 2016 and January 5, 2017 concerning the proposed securities rules. The Subcommittee furnished additional comments to the CSCLB staff on January 25, 2017. The CSCLB responded to the Subcommittee's comments in a detailed email sent on February 15, 2017.

The CSCLB also provided the Subcommittee with a draft of the updated rule set dated March 13, 2017 incorporating many of the Subcommittee's comments. The Committee discussed the updated rule set and potential issues for consideration. The Committee's Rules Review Subcommittee will continue to monitor these matters.

5. Meetings and Programs.

See No. 6, above. In addition, many Committee members participated at and attended the MSU Midwest Securities Law Institute on October 12, 2018.

6. Publications.

The theme of *The Michigan Business Law Journal*, Spring 2017 edition, was the Regulation of Securities Committee. Committee members were encouraged to submit articles for publication.

7. Methods of Monitoring Legislative/Judicial/Administrative Developments and Recommended Action

The Committee monitors developments relative to Michigan securities law issues and continues to discuss monitoring in a more formalized manner. One example includes Michigan legislation on local stock exchanges. See also No. 6, above.

8. Miscellaneous.

No miscellaneous matters to report.

Respectfully submitted,
Patrick J. Haddad, Chair
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