

**UNIFORM SECURITIES ACT (EXCERPT)**  
**Act 265 of 1964**

\*\*\*\*\* 451.603 THIS SECTION IS REPEALED BY ACT 551 OF 2008 EFFECTIVE OCTOBER 1, 2009  
\*\*\*\*\*

**451.603 Preservation of records; filing financial reports; correction of information; examination of records; expenses; cooperation and exchange of information; summary suspension order; withdrawal or termination of registration; notice of appointment of trustee; notice of proceedings or sanctions; filing of advertising; restrictions.**

Sec. 203. (a) Every registered broker-dealer and investment adviser shall make and keep accounts, correspondence, memoranda, papers, books, and other records as the administrator by rule or order prescribes. All records required shall be preserved for 3 years unless the administrator by rule or order prescribes otherwise for particular types of records.

(b) Every registered broker-dealer and investment adviser shall file financial reports as the administrator by rule prescribes.

(c) If the information contained in any document filed with the administrator is or becomes inaccurate or incomplete in any material respect, the registrant shall promptly file a correcting amendment unless notification of the correction has been given under section 201(b).

(d) All the records referred to in subsection (a) are subject at any time or from time to time to reasonable periodic, special, or other examinations by representatives of the administrator, within or without this state, as the administrator considers necessary or appropriate in the public interest or for the protection of investors. The expenses reasonably attributable to the examination of a matter arising under this section may be charged to the applicant or registrant involved. For the purpose of avoiding unnecessary duplication of examinations, the administrator, insofar as it deems it practicable in administering this subsection, may cooperate and exchange information with the securities and commodities administrators of other states, the securities and exchange commission, the commodity futures trading commission, any national securities exchange or national securities association registered under the securities exchange act of 1934, and other appropriate law enforcement agencies. Failure of a registrant to promptly provide records for inspection shall be cause for a summary suspension order until conclusion of the examination of the records.

(e) A registered broker-dealer or investment adviser may not withdraw or terminate its registration unless the registrant has complied with all of the following:

- (1) Filed a broker-dealer or investment adviser withdrawal form as prescribed by the administrator.
- (2) Delivered all securities and cash balances owing to all customers.
- (3) Delivered all securities owing to other broker-dealers.
- (4) Met other conditions as the administrator may by rule or order prescribe.
- (5) Received a withdrawal order from the administrator approving the withdrawal request.
- (f) Notwithstanding the provisions of subsection (e):

(1) A registrant may temporarily cease business by promptly advising the administrator in writing on or before the date of temporary cessation of business of the fact of cessation, the reasons for cessation, and the date or basis for reopening of the business.

(2) A registrant or federally covered adviser subject to a merger or acquisition where all obligations of the predecessor registrant or federally covered adviser are acquired by or transferred to the new broker-dealer or investment adviser or federally covered adviser that continues the business in an uninterrupted fashion shall comply with section 202(d) or 202a(e), whichever is applicable, instead of this section.

(g) A registered broker-dealer shall immediately notify the administrator of the appointment of a trustee for the registrant pursuant to the securities investor protection act of 1970. A broker-dealer for whom such a trustee has been appointed shall file with the administrator a broker-dealer withdrawal form in accordance with subsection (e). A broker-dealer's registration continues effective until entry of the withdrawal order by the administrator.

(h) A registrant or applicant for registration shall promptly notify the administrator in writing if any proceedings have been commenced or any sanction imposed by securities administrators of other states, other state regulatory agencies, the securities and exchange commission, or any national securities exchange or national securities association registered under the securities exchange act of 1934.

(i) Except for advertising related to a federally covered security, the administrator may by rule or order require a broker-dealer or investment adviser to file all advertising for review and acceptance before first use.

(j) The administrator shall not require any of the following:

- (1) That a broker-dealer that is registered under the securities exchange act of 1934 make, maintain, or

preserve any records other than those required to be made, maintained, and preserved under the securities exchange act of 1934.

(2) That an investment adviser that maintains its principal place of business in another state make, maintain, or preserve any records other than those required by that state, provided that the investment adviser is registered in that state and is in compliance with any record-keeping requirements of that state.

(3) That a broker-dealer that is registered under the securities exchange act of 1934 file a financial report that is not required to be created and filed under the securities exchange act of 1934.

(4) That an investment adviser that maintains its principal place of business in another state create or file a financial report that is not required by that state, provided that the investment adviser is registered in that state and is in compliance with any financial reporting requirements of that state.

**History:** 1964, Act 265, Eff. Jan. 1, 1965;—Am. 1975, Act 31, Imd. Eff. May 1, 1975;—Am. 1978, Act 481, Eff. Mar. 30, 1979;—Am. 1990, Act 150, Eff. Nov. 30, 1990;—Am. 2000, Act 494, Imd. Eff. Jan. 11, 2001.