



AN ACT CONCERNING FINANCIAL PRIVACY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-3 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 Other definitions applying to this title or to specified parts thereof
4 and the sections in which they appear are:

5 "Account". Sections 36a-155 and 36a-365.

6 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.

7 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.

8 "Agency bank". Section 36a-285.

9 "Alternative mortgage loan". Section 36a-265.

10 "Amount financed". Section 36a-690.

11 "Annual percentage rate". Section 36a-690.

12 "Annual percentage yield". Section 36a-316.

13 "Applicant". Section 36a-736.

14 "Associate". Section 36a-184.

- 15 "Bank". Section 36a-30.
- 16 "Bankers' bank". Section 36a-70.
- 17 "Banking business". Section 36a-425.
- 18 "Billing cycle". Section 36a-565.
- 19 "Bona fide nonprofit organization". Section 36a-655.
- 20 "Branch". Sections 36a-145 and 36a-410.
- 21 "Branch or agency net payment entitlement". Section 36a-428n.
- 22 "Branch or agency net payment obligation". Section 36a-428n.
- 23 "Broker". Section 36a-510.
- 24 "Business and industrial development corporation". Section 36a-626.
- 25 "Business and property in this state". Section 36a-428n.
- 26 "Cash advance". Section 36a-564.
- 27 "Cash price". Section 36a-770.
- 28 "Certificate of organization". Section 36a-435.
- 29 "Closely related activities". Section 36a-250.
- 30 "Collective managing agency account". Section 36a-365.
- 31 "Commercial vehicle". Section 36a-770.
- 32 "Community bank". Section 36a-70.
- 33 "Community development bank". Section 36a-70.
- 34 "Connecticut holding company". Section 36a-410.
- 35 "Consumer". Sections 36a-155, 36a-676 and 36a-695.

- 36 "Consumer Credit Protection Act". Section 36a-676.
- 37 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- 38 "Consumer collection agency". Section 36a-800.
- 39 "Controlling interest". Section 36a-276.
- 40 "Credit". Sections 36a-645 and 36a-676.
- 41 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- 42 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- 43 "Credit clinic". Section 36a-695.
- 44 "Credit rating agency". Section 36a-695.
- 45 "Credit report". Section 36a-695.
- 46 "Credit sale". Section 36a-676.
- 47 "De novo branch". Section 36a-410.
- 48 "Debt". Section 36a-645.
- 49 "Debt adjustment". Section 36a-655.
- 50 "Debt mutual fund". Section 36a-275.
- 51 "Debt securities". Section 36a-275.
- 52 "Deliver". Section 36a-316.
- 53 "Deposit". Section 36a-316.
- 54 "Deposit account". Section 36a-316.
- 55 "Deposit account charge". Section 36a-316.
- 56 "Deposit account disclosures". Section 36a-316.

- 57 "Deposit contract". Section 36a-316.
- 58 "Deposit services". Section 36a-425.
- 59 "Depositor". Section 36a-316.
- 60 "Earning period". Section 36a-316.
- 61 "Electronic payment instrument". Section 36a-596.
- 62 "Eligible account holder". Section 36a-136.
- 63 "Eligible collateral". Section 36a-330.
- 64 "Equity mutual fund". Section 36a-276.
- 65 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- 66 "Fiduciary". Section 36a-365.
- 67 "Filing fee". Section 36a-770.
- 68 "Finance charge". Sections 36a-690 and 36a-770.
- 69 "Financial institution". Sections 36a-41, as amended by this act, 36a-
70 155, 36a-316, 36a-330, [and] 36a-736, and section 3 of this act.
- 71 "Financial records". Section 36a-41, as amended by this act.
- 72 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- 73 "Fiscal year". Section 36a-435.
- 74 "Foreign banking corporation". Section 36a-425.
- 75 "General facility". Section 36a-580.
- 76 "Global net payment entitlement". Section 36a-428n.
- 77 "Global net payment obligation". Section 36a-428n.
- 78 "Goods". Sections 36a-535 and 36a-770.

- 79 "Graduated payment mortgage loan". Section 36a-265.
- 80 "Guardian". Section 36a-365.
- 81 "Holder". Section 36a-596.
- 82 "Home banking services". Section 36a-170.
- 83 "Home banking terminal". Section 36a-170.
- 84 "Home improvement loan". Section 36a-736.
- 85 "Home purchase loan". Section 36a-736.
- 86 "Home state". Section 36a-410.
- 87 "Immediate family". Section 36a-435.
- 88 "Installment loan contract". Sections 36a-535 and 36a-770.
- 89 "Instrument". Section 36a-596.
- 90 "Insurance bank". Section 36a-285.
- 91 "Insurance department". Section 36a-285.
- 92 "Interest". Section 36a-316.
- 93 "Interest rate". Section 36a-316.
- 94 "Lender". Sections 36a-510 and 36a-770.
- 95 "Lessor". Section 36a-676.
- 96 "License". Section 36a-626.
- 97 "Licensee". Sections 36a-510, 36a-596 and 36a-626.
- 98 "Limited branch". Section 36a-145.
- 99 "Limited facility". Section 36a-580.

- 100 "Loan broker". Section 36a-615.
- 101 "Loss". Section 36a-330.
- 102 "Made in this state". Section 36a-770.
- 103 "Managing agent". Section 36a-365.
- 104 "Member". Section 36a-435.
- 105 "Membership share". Section 36a-435.
- 106 "Money order". Section 36a-596.
- 107 "Mortgage broker". Section 36a-485.
- 108 "Mortgage insurance". Section 36a-725.
- 109 "Mortgage lender". Sections 36a-485 and 36a-705.
- 110 "Mortgage loan". Sections 36a-261 and 36a-265.
- 111 "Mortgage rate lock-in". Section 36a-705.
- 112 "Mortgage servicing company". Section 36a-715.
- 113 "Mortgagor". Section 36a-715.
- 114 "Motor vehicle". Section 36a-770.
- 115 "Multiple common bond membership". Section 36a-435.
- 116 "Municipality". Section 36a-800.
- 117 "Net worth". Section 36a-596.
- 118 "Network". Section 36a-155.
- 119 "Note account". Sections 36a-301 and 36a-445.
- 120 "Office". Section 36a-316.

- 121 "Open-end credit plan". Section 36a-676.
- 122 "Open-end loan". Section 36a-565.
- 123 "Organization". Section 36a-800.
- 124 "Out-of-state holding company". Section 36a-410.
- 125 "Outstanding". Section 36a-596.
- 126 "Passbook savings account". Section 36a-316.
- 127 "Periodic statement". Section 36a-316.
- 128 "Permissible investment". Section 36a-596.
- 129 "Person". Section 36a-184.
- 130 "Post". Section 36a-316.
- 131 "Prime quality". Section 36a-596.
- 132 "Principal amount of the loan". Section 36a-510.
- 133 "Principal officer". Section 36a-485.
- 134 "Processor". Section 36a-155.
- 135 "Public deposit". Section 36a-330.
- 136 "Purchaser". Section 36a-596.
- 137 "Qualified financial contract". Section 36a-428n.
- 138 "Qualified public depository" and "depository". Section 36a-330.
- 139 "Records". Section 36a-17.
- 140 "Relocate". Section 36a-145.
- 141 "Residential property". Section 36a-485.

- 142 "Retail buyer". Sections 36a-535 and 36a-770.
- 143 "Retail credit transaction". Section 42-100b.
- 144 "Retail deposits". Section 36a-70.
- 145 "Retail installment contract". Sections 36a-535 and 36a-770.
- 146 "Retail installment sale". Sections 36a-535 and 36a-770.
- 147 "Retail seller". Sections 36a-535 and 36a-770.
- 148 "Reverse annuity mortgage loan". Section 36a-265.
- 149 "Sales finance company". Sections 36a-535 and 36a-770.
- 150 "Savings department". Section 36a-285.
- 151 "Savings deposit". Section 36a-316.
- 152 "Secondary mortgage loan". Section 36a-510.
- 153 "Security convertible into a voting security". Section 36a-184.
- 154 "Share". Section 36a-435.
- 155 "Simulated check". Sections 36a-485 and 36a-510.
- 156 "Single common bond membership". Section 36a-435.
- 157 "Social purpose investment". Section 36a-277.
- 158 "Standard mortgage loan". Section 36a-265.
- 159 "Tax and loan account". Sections 36a-301 and 36a-445.
- 160 "The Savings Bank Life Insurance Company". Section 36a-285.
- 161 "Time account". Section 36a-316.
- 162 "Transaction". Section 36a-215.

163 "Travelers check". Section 36a-596.

164 "Troubled financial institution". Section 36a-215.

165 "Uninsured bank". Section 36a-70.

166 "Unsecured loan". Section 36a-615.

167 Sec. 2. Section 36a-41 of the general statutes is repealed and the
168 following is substituted in lieu thereof:

169 As used in sections 36a-41 to 36a-45, inclusive:

170 (1) "Financial institution" means a bank, Connecticut credit union,
171 federal credit union, [and any other institution wherever chartered or
172 organized that is authorized to accept deposits in this state] an out-of-
173 state bank that maintains a branch in this state and an out-of-state
174 credit union that maintains an office in this state.

175 (2) "Financial records" means any original or any copy, whether
176 physically or electronically retained, of: (A) A document granting
177 signature authority over a deposit account or a share account with a
178 financial institution; (B) a statement, ledger card or other record on any
179 deposit account or share account with a financial institution which
180 shows each transaction in or with respect to that account; (C) any
181 check, draft or money order drawn on a financial institution or issued
182 and payable by such an institution or (D) any item, other than an
183 institutional or periodic charge, made pursuant to any agreement by a
184 financial institution and a customer which constitutes a debit or credit
185 to that person's deposit account or share account with such financial
186 institution if the item is not included in [subdivision] subparagraph (C)
187 of this [subsection] subdivision.

188 Sec. 3. (NEW) Each financial institution that is a bank, Connecticut
189 credit union, federal credit union, an out-of-state bank that maintains a
190 branch in this state, an out-of-state trust company or out-of-state credit
191 union that maintains an office in this state, a licensee under title 36a of
192 the general statutes or any person subject to the jurisdiction of the

193 Commissioner of Banking under title 36b of the general statutes shall
194 comply with all provisions of Subtitle A of Title V of the Gramm-
195 Leach-Bliley Financial Modernization Act of 1999, 15 USC 6801 et seq.,
196 and the regulations promulgated thereunder that apply to such
197 financial institution, except to the extent that this section is inconsistent
198 with the provisions of sections 36a-41 to 36a-44, inclusive, of the
199 general statutes, as amended by this act, in which case the provisions
200 that afford the customer greater protection shall control. For purposes
201 of this section, "financial institution" has the meaning given to that
202 term in Section 509 of the Gramm-Leach-Bliley Financial
203 Modernization Act of 1999, 15 USC 6809, and the regulations
204 promulgated thereunder.

205 Sec. 4. Section 36a-412 of the general statutes is repealed and the
206 following is substituted in lieu thereof:

207 (a) (1) Any out-of-state bank, whether or not owned or controlled by
208 an out-of-state holding company, may, with the approval of the
209 commissioner, merge or consolidate with or acquire a branch or
210 significant part of the assets or ten per cent or more of the stock of a
211 bank provided such bank has been in existence and continuously
212 operating for at least five years, unless the commissioner waives this
213 requirement, where the institution resulting from any such merger or
214 consolidation is an out-of-state bank, provided the laws of the home
215 state of such out-of-state bank authorize, under conditions no more
216 restrictive than those imposed by the laws of this state as determined
217 by the commissioner, a bank to merge or consolidate with or purchase
218 a branch or significant part of the assets or ten per cent or more of the
219 stock of an out-of-state bank whose home state is such state. Such
220 merger, consolidation or acquisition shall not take place if the out-of-
221 state bank, including all insured depository institutions which are
222 affiliates of the out-of-state bank, upon consummation of the merger,
223 consolidation or acquisition, would control thirty per cent or more of
224 the total amount of deposits of insured depository institutions in this
225 state, unless the commissioner permits a greater percentage of such
226 deposits. Any such merger, consolidation or acquisition of assets or

227 stock shall be effected in accordance with and subject to the filing
228 requirements and any limitations imposed by the laws of this state
229 with respect to mergers, consolidations and acquisitions between
230 banks. Any such out-of-state bank that engages in business in this state
231 shall comply with the requirements of section 33-920 or subsection (a)
232 of section 33-1210. Before approving any such merger, consolidation or
233 acquisition, the commissioner shall make such considerations,
234 determinations and findings as required by the laws of this state with
235 respect to mergers, consolidations and acquisitions between banks
236 and, in addition, shall consider whether such merger, consolidation or
237 acquisition can reasonably be expected to produce benefits to the
238 public and whether such benefits clearly outweigh possible adverse
239 effects, including, but not limited to, an undue concentration of
240 resources and decreased or unfair competition. The commissioner shall
241 not approve such merger, consolidation or acquisition unless the
242 commissioner considers whether: (A) The investment and lending
243 policies of the out-of-state bank, in the case of a merger or acquisition
244 of assets, or the proposed investment and lending policies of the bank,
245 in the case of an acquisition of stock, or of the institution that will
246 result from a consolidation, are consistent with safe and sound
247 banking practices and will benefit the economy of this state; (B) the
248 services of the bank or branch to be acquired, or of the institution that
249 will result from a merger, or the proposed services of the institution
250 that will result from a consolidation, are consistent with safe and
251 sound banking practices and will benefit the economy of this state; (C)
252 the merger, consolidation or acquisition will not substantially lessen
253 competition in the banking industry of this state; (D) in the case of a
254 merger or consolidation or the acquisition of twenty-five per cent or
255 more of such stock, the out-of-state bank (i) has sufficient capital to
256 ensure, and agrees to ensure, that the bank to be acquired or the
257 institution that will result from the merger or consolidation will
258 comply with applicable minimum capital requirements, and (ii) has
259 sufficient managerial resources to operate the bank to be acquired or
260 the institution that will result from the merger or consolidation in a
261 safe and sound manner; and (E) the out-of-state bank is in compliance

262 with applicable minimum capital requirements. The commissioner
263 shall not approve such merger, consolidation or acquisition unless the
264 commissioner makes the findings required by section 36a-34. Any out-
265 of-state bank that merges or consolidates with or acquires a branch
266 pursuant to this subdivision may establish additional branches in this
267 state in accordance with section 36a-145.

268 (2) Any out-of-state bank, other than a foreign bank, may, with the
269 approval of the commissioner, and in accordance with the provisions
270 of this subdivision, establish a de novo branch in this state. Such
271 establishment shall not take place unless the laws of the home state of
272 such out-of-state bank authorize, under conditions no more restrictive
273 than those imposed by the laws of this state, as determined by the
274 commissioner, a bank to establish a de novo branch in the home state
275 of such out-of-state bank, provided the commissioner may waive such
276 reciprocity requirement for the establishment of a de novo branch the
277 activities of which are limited to the exercise of fiduciary or trust
278 powers if the commissioner finds that such establishment will result in
279 net new benefits to this state. Any request for such waiver of
280 reciprocity submitted by an out-of-state bank shall include a detailed
281 statement of the reasons for the request and statistical and other
282 information to support a finding of such net new benefits. Any such
283 establishment shall be effected in accordance with and subject to the
284 filing requirements and any limitations imposed by section 36a-145.
285 Any such out-of-state bank that engages in business in this state shall
286 comply with the requirements of section 33-920 or subsection (a) of
287 section 33-1210. Before approving any such establishment, the
288 commissioner shall make such considerations, determinations and
289 findings as required by section 36a-145 and, in addition, shall consider
290 whether such establishment can reasonably be expected to produce
291 benefits to the public and whether such benefits clearly outweigh
292 possible adverse effects, including, but not limited to, an undue
293 concentration of resources and decreased or unfair competition. The
294 commissioner shall not approve such establishment unless the
295 commissioner considers whether: (A) The investment and lending

296 policies of the out-of-state bank are consistent with safe and sound
297 banking practices and will benefit the economy of this state; (B) the
298 proposed services of the branch are consistent with safe and sound
299 banking practices and will benefit the economy of this state; (C) the
300 establishment will not substantially lessen competition in this state; (D)
301 the out-of-state bank is adequately managed and will continue to be
302 adequately managed upon establishment of such branch; and (E) the
303 out-of-state bank is in compliance with applicable minimum capital
304 requirements. The commissioner shall not approve such establishment
305 unless the commissioner makes the findings required by section
306 36a-34. An out-of-state bank which has established a de novo branch in
307 this state in accordance with this subdivision may establish additional
308 branches in this state in accordance with section 36a-145, provided the
309 activities of such additional branches of an out-of-state bank for which
310 the commissioner waived such reciprocity requirement shall be limited
311 to the exercise of fiduciary or trust powers. As used in this subdivision,
312 "net new benefits" means (i) initial capital investments, including any
313 new construction, (ii) job creation plans, including, but not limited to,
314 the number of jobs to be created and the average wage rates for each
315 category of such jobs, (iii) the potential for increasing state and
316 municipal tax revenues from increased economic activity and
317 increased employment, (iv) consumer and business services and other
318 benefits to the state, local community and citizens, and (v) such other
319 matters as the commissioner may deem necessary or advisable.

320 [(3) (A) As used in this subdivision, "applicant" means, in the case of
321 an acquisition of a branch, the acquiring out-of-state bank, and in the
322 case of a merger or consolidation, each out-of-state bank that is a party
323 to the merger or consolidation.]

324 [(B)] (3) Any out-of-state bank, regardless of whether it has a branch
325 in this state, may merge or consolidate with or acquire a branch in this
326 state of an out-of-state bank that has a branch in this state. [On or
327 before June 1, 1997, no such merger, consolidation or acquisition shall
328 take place without the approval of the commissioner. The
329 commissioner shall not approve such merger, consolidation or

330 acquisition unless the commissioner considers whether: (i) Such
331 merger, consolidation or acquisition can reasonably be expected to
332 produce benefits to the public and whether such benefits clearly
333 outweigh possible adverse effects including, but not limited to, an
334 undue concentration of resources, decreased or unfair competition,
335 branch closings and loss of jobs in this state; (ii) the proposed
336 investment and lending policies and services of the applicant, in the
337 case of an acquisition of a branch, or the resulting out-of-state bank, in
338 the case of a merger or consolidation, will benefit the economy of this
339 state; and (iii) the applicant has a record of compliance with the
340 requirements of the Community Reinvestment Act of 1977, 12 USC
341 2901, et seq., as from time to time amended, sections 36a-30 to 36a-33,
342 inclusive, to the extent applicable, and applicable consumer protection
343 laws. The commissioner shall not approve such merger, consolidation
344 or acquisition unless the commissioner finds that the applicant, in the
345 case of an acquisition of a branch, or the resulting out-of-state bank, in
346 the case of a merger or consolidation, will provide adequate services to
347 meet the banking needs of all community residents, including low-
348 income residents and moderate-income residents, to the extent
349 permitted by its charter, in accordance with a plan submitted by the
350 applicant to the commissioner in such form and containing such
351 information as the commissioner requires. Upon receiving the plan, the
352 commissioner shall make the plan available for public inspection and
353 comment at the Department of Banking and shall cause notice of its
354 submission and availability for inspection and comment to be
355 published in the department's weekly bulletin. With the concurrence of
356 the commissioner, the applicant shall publish, in the form of a legal
357 advertisement in a newspaper having a substantial circulation in the
358 area, notice of such plan's submission and availability for public
359 inspection and comment. The notice shall state that the inspection and
360 comment period will last for a period of thirty business days from the
361 date of publication. The commissioner shall not make such finding
362 until the expiration of such thirty-day period. In making such finding,
363 the commissioner shall, unless clearly inapplicable, consider, among
364 other factors, whether the plan identifies specific unmet credit and

365 consumer banking needs in the local community and specifies how
366 such needs will be satisfied, provides for sufficient distribution of
367 banking services among branches or satellite devices, or both, located
368 in low-income neighborhoods, contains adequate assurances that
369 banking services will be offered on a nondiscriminatory basis and
370 demonstrates a commitment to extend credit for housing, small
371 business and consumer purposes in low-income neighborhoods. Any
372 such merger, consolidation or acquisition which received all required
373 federal bank regulatory approvals on or before February 7, 1996, shall
374 not be subject to the approval and filing requirements of this
375 subdivision.]

376 (4) (A) Except as provided in this section, the laws of this state shall
377 apply to any branch in this state of an out-of-state bank to the same
378 extent as such laws would apply if the branch were a federal bank,
379 provided the following laws shall apply to any branch in this state of
380 an out-of-state bank to the same extent as such laws apply to a branch
381 of a Connecticut bank: (i) Community reinvestment laws including
382 sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws
383 including sections 36a-41 to 36a-45, inclusive, as amended by this act,
384 section 3 of this act, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-
385 315 to 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695
386 to 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718,
387 inclusive, 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to
388 36a-788, inclusive, and 36a-800 to 36a-810, inclusive, (iii) fair lending
389 laws including sections 36a-16, 36a-737, 36a-740 and 36a-741, and (iv)
390 branching laws including sections 36a-23 and 36a-145.

391 (B) Except as provided in this section, an out-of-state bank, other
392 than a federally-chartered out-of-state bank, that establishes a branch
393 in this state may conduct any activity at such branch (i) if such activity
394 is permissible under the laws of the home state of such out-of-state
395 bank, and (ii) to the same extent as such activity is permissible for
396 either a Connecticut bank or a branch in this state of a federally-
397 chartered out-of-state bank. If the commissioner determines that a
398 branch in this state of an out-of-state bank, other than a federally-

399 chartered out-of-state bank, is being operated in violation of any
400 applicable law of this state or in an unsafe and unsound manner, the
401 commissioner may take any enforcement action authorized under this
402 title against such out-of-state bank to the same extent as if such branch
403 were a Connecticut bank, provided the commissioner shall promptly
404 give notice of such action to the home state banking regulator of such
405 out-of-state bank and, to the extent practicable, shall consult and
406 cooperate with such regulator in pursuing and resolving such action.

407 (5) Any out-of-state bank that merges or consolidates with or
408 acquires the assets of a bank or establishes in this state a de novo
409 branch shall be subject to the supervision and examination of the
410 commissioner pursuant to regulations adopted by the commissioner in
411 accordance with chapter 54 and shall make reports to the
412 commissioner as required by the laws of this state. The commissioner
413 may examine and supervise the Connecticut branches of any such out-
414 of-state bank and may enter into agreements with other state or federal
415 banking regulators or similar regulators in a foreign country
416 concerning such examinations or supervision. The provisions of this
417 section apply to the acquisition of the assets of any bank from the
418 receiver of such bank by any out-of-state bank.

419 (b) A bank may merge or consolidate with an out-of-state bank
420 where the resulting institution is a bank, or acquire a branch or a
421 significant part of the assets or ten per cent or more of the stock of an
422 out-of-state bank, in accordance with applicable law. Any such merger,
423 consolidation or acquisition of assets or stock shall be effected in
424 accordance with and subject to the limitations imposed by the laws of
425 this state with respect to mergers, consolidations and acquisitions
426 between banks. Any such bank may continue to operate as a branch
427 the business of [such] the out-of-state bank with which it has merged
428 or consolidated or the assets of which it has acquired to the extent of
429 the powers otherwise possessed by such bank. The commissioner may
430 examine and supervise the out-of-state branches of any such
431 Connecticut bank, and may enter into agreements with other state or
432 federal banking regulators or similar regulators in a foreign country

433 concerning such examinations or supervision.

434 (c) Any acquisition by a Connecticut bank of ten per cent or more of
435 the stock of another bank or an out-of-state bank pursuant to the
436 authority of subsection (b) of this section is not subject to any
437 provisions of this title limiting the ownership of stock in such
438 institutions.

439 Sec. 5. This act shall take effect July 1, 2001.

BA *JOINT FAVORABLE SUBST.*

GL *JOINT FAVORABLE*