



General Assembly

Amendment

January Session, 2009

LCO No. 7636

SB0095307636SR0

Offered by:
SEN. MCKINNEY, 28th Dist.

To: Subst. Senate Bill No. 953 File No. 171 Cal. No. 180

(As Amended)

"AN ACT CONCERNING HEDGE FUNDS."

1 Strike lines 1 to 52, inclusive, in their entirety and insert the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2009*) (a) As used in this
4 section, "hedge fund" means any investment company, as defined in
5 Section 3(a)(1) of the Investment Company Act of 1940, (1) that claims
6 an exemption under Section 3(c)(1) or Section 3(c)(7) of the Investment
7 Company Act of 1940; (2) whose offering of securities is exempt under
8 the private offering safe harbor criteria in Rule 506 of Regulation D of
9 the Securities Act; (3) that offers or sells securities in this state or is
10 located in this state; (4) that permits its securities owners to redeem
11 any portion of their securities within two years of the purchase of such
12 securities; and (5) that meets any other criteria as may be established
13 by the Banking Commissioner in regulations adopted under
14 subsection (c) of this section. A hedge fund is located in this state if

15 such fund has an office in this state where employees regularly
16 conduct business on behalf of the hedge fund.

17 (b) Any investment adviser to a hedge fund shall disclose to each
18 investor in such hedge fund, before any such investment, or
19 prospective investor in such hedge fund, before any such investment:
20 (1) Any affiliation between the investment adviser and any broker-
21 dealer, custodian, accounting firm or other similar service provider to
22 the hedge fund; and (2) any financial or other interests the investment
23 adviser may have that materially conflict with or are likely to
24 materially impair the investment adviser's duties and responsibilities
25 to the hedge fund or its investors, provided nothing in this subsection
26 shall require the disclosure of information concerning any specific
27 investment unless such disclosure is required under section 36b-4 or
28 36b-5 of the general statutes. For purposes of this subsection, an
29 investment adviser has a financial interest if such investment adviser
30 has reason to believe or expect that such investment adviser, such
31 investment adviser's spouse or dependent child or a business with
32 which such investment adviser is associated will derive a direct
33 monetary gain by reason of such investment. "Business with which
34 such investment adviser is associated" means any sole proprietorship,
35 partnership, firm, corporation, trust or other entity through which
36 business for profit or not-for-profit is conducted in which the
37 investment adviser or member of such investment adviser's immediate
38 family is a director, officer, owner, limited or general partner,
39 beneficiary of a trust or holder of stock constituting five per cent or
40 more of the total outstanding stock of any class, provided an
41 investment adviser or a member of such investment adviser's
42 immediate family shall not be deemed to be associated with (A) the
43 hedge fund for which such investment adviser is acting as an
44 investment adviser, or (B) a not-for-profit entity solely by virtue of the
45 fact that the investment adviser or member of such investment
46 adviser's immediate family is an unpaid director or officer of the not-
47 for-profit entity. "Officer" means the president, executive or senior vice
48 president or treasurer of such business.

49 (c) The Banking Commissioner may adopt regulations, in
50 accordance with chapter 54 of the general statutes, to implement the
51 provisions of this section."

52 In line 53, strike "3." and insert "2." in lieu thereof

53 In line 55, strike "as amended by this"

54 In line 56, strike "act, and section 2" and insert "section 1" in lieu
55 thereof

56 In line 161, strike ", as amended by this act"

57 In line 218, strike "as amended by"

58 In line 219, strike "this act,"