



General Assembly

Amendment

January Session, 2009

LCO No. 7638

SB0095307638SR0

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

49 president or treasurer of such business.

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

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

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

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

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

58 In line 218, strike "as amended by"

59 In line 219, strike "this act,"