



General Assembly

February Session, 2010

**Raised Bill No. 5114**

LCO No. 227

\*00227\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA)

**AN ACT CONCERNING TECHNICAL REVISIONS TO THE  
CONNECTICUT UNIFORM SECURITIES ACT.**

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

1 Section 1. Section 36b-1 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 Sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act,  
4 and 36b-40 to 36b-52, inclusive, and 36b-60 to 36b-80, inclusive, shall be  
5 known as the "Securities and Business Investments Law of  
6 Connecticut" and shall be applicable to all issuers of securities, broker-  
7 dealers, agents, investment advisers, investment adviser agents, sellers  
8 of business opportunities, and offerors in a tender offer, and to such  
9 other corporations, unincorporated associations, partnerships, limited  
10 liability companies and individuals who subject themselves to special  
11 provisions in said sections, or who, by violating any of the provisions  
12 of said sections become subject to the penalties provided in said  
13 sections.

14 Sec. 2. Section 36b-2 of the general statutes is repealed and the  
15 following is substituted in lieu thereof (*Effective from passage*):

16 Sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act,  
17 may be cited as the "Connecticut Uniform Securities Act".

18 Sec. 3. Section 36b-3 of the general statutes is repealed and the  
19 following is substituted in lieu thereof (*Effective from passage*):

20 As used in sections 36b-2 to [36b-33] 36b-34, inclusive, as amended  
21 by this act, unless the context otherwise requires:

22 (1) "Agent" means any individual, other than a broker-dealer, who  
23 represents a broker-dealer or issuer in effecting or attempting to effect  
24 purchases or sales of securities. "Agent" does not include an individual  
25 who represents an issuer in (A) effecting transactions in a security  
26 exempted by subdivision (1), (2), (3), (4), (6), (9), (10), (11) or (22) of  
27 subsection (a) of section 36b-21, (B) effecting transactions exempted by  
28 subsection (b) of section 36b-21, as amended by this act, except for  
29 transactions exempted by subdivisions (10), (13) or (14) of said  
30 subsection, (C) effecting transactions with existing employees, partners  
31 or directors of the issuer if no commission or other remuneration is  
32 paid or given directly or indirectly for soliciting any person in this  
33 state, or (D) effecting transactions in any covered security, except for  
34 covered securities within the meaning of Sections 18(b)(2) or  
35 18(b)(4)(D) of the Securities Act of 1933. "Agent" does not include such  
36 other persons not within the intent of this subdivision as the  
37 commissioner may by regulation or order determine. A general  
38 partner, officer or director of a broker-dealer or issuer, or a person  
39 occupying a similar status or performing similar functions, is an agent  
40 only if such person otherwise comes within this definition and any  
41 compensation that such person receives is directly or indirectly related  
42 to purchases or sales of securities.

43 (2) "Associated person" has the meaning given to that term in  
44 Section 3(a)(21) of the Securities Exchange Act of 1934.

45 (3) "Blank check company" means any company that (A) devotes  
46 substantially all of its efforts to establishing a new business in which

47 planned principal operations have not commenced or, that has  
48 commenced planned principal operations, but has not derived  
49 significant revenue from such operations; and (B) has no specific  
50 business plan or purpose or has indicated that its business plan is to  
51 engage in a merger or acquisition with an unidentified company or  
52 companies, or other entity or person.

53 (4) "Branch office" means any location other than the main office at  
54 which an agent or investment adviser agent regularly conducts  
55 business on behalf of a broker-dealer or investment adviser, or any  
56 location that is held out as such, excluding: (A) Any location that is  
57 established solely for customer service or back-office-type functions  
58 where no sales activities are conducted and that is not held out to the  
59 public as a branch office, (B) any location that is the agent's or  
60 investment adviser agent's primary residence, provided (i) only agents  
61 or investment adviser agents who reside at the location and are  
62 members of the same immediate family conduct business at the  
63 location, (ii) the location is not held out to the public as an office and  
64 the agent or investment adviser agent does not meet with customers at  
65 the location, (iii) neither customer funds nor securities are handled at  
66 that location, (iv) the agent or investment adviser agent is assigned to a  
67 designated branch office, and such designated branch office is reflected  
68 on all business cards, stationery, advertisements and other  
69 communications to the public by such agent or investment adviser  
70 agent, (v) the agent's or investment adviser agent's correspondence  
71 and communications with the public are subject to the supervision of  
72 the broker-dealer or investment adviser with which such agent or  
73 investment adviser agent is associated, (vi) electronic communications,  
74 including e-mail, are made through the electronic system of the broker-  
75 dealer or investment adviser, (vii) all orders for securities are entered  
76 through the designated branch office or an electronic system  
77 established by a broker-dealer that is reviewable at the branch office,  
78 (viii) written supervisory procedures pertaining to supervision of  
79 activities conducted at the residence are maintained by the broker-  
80 dealer or investment adviser, and (ix) a list of the residence locations is

81 maintained by the broker-dealer or investment adviser, (C) any  
82 location, other than a primary residence, that is used for securities or  
83 investment advisory business for less than thirty business days in any  
84 one calendar year, provided the broker-dealer or investment adviser  
85 complies with the provisions of subparagraph (B)(ii), (iii), (iv), (v), (vi),  
86 (vii) and (viii) of this subdivision, (D) any office of convenience, where  
87 associated persons occasionally and exclusively by appointment meet  
88 with customers, which is not held out to the public as an office, (E) any  
89 location that is used primarily to engage in nonsecurities activities and  
90 from which the agent or investment adviser agent effects no more than  
91 twenty-five securities transactions in any one calendar year, provided  
92 any advertisement or sales literature identifying such location also sets  
93 forth the address and telephone number of the location from which the  
94 agent or investment adviser agent conducting business at the  
95 nonbranch locations is directly supervised, (F) the floor of a registered  
96 national securities exchange where a broker-dealer conducts a direct  
97 access business with public customers, (G) a temporary location  
98 established in response to the implementation of a business continuity  
99 plan, or (H) any other location not within the intent of this subdivision  
100 as the commissioner may determine. As used in this subdivision, the  
101 term "business day" does not include any partial business day,  
102 provided the agent or investment adviser agent spends at least four  
103 hours on such day at the designated branch office of such agent or  
104 investment adviser agent during the hours that such office is normally  
105 open for business.

106 (5) "Broker-dealer" means any person engaged in the business of  
107 effecting transactions in securities for the account of others or for such  
108 person's own account. "Broker-dealer" does not include (A) an agent,  
109 (B) an issuer, (C) a bank, as defined in Section 3(a)(6) of the Securities  
110 Exchange Act of 1934, when conducting activities that would except it  
111 from the definitions of "broker" or "dealer" under Sections 3(a)(4) or  
112 3(a)(5) of the Securities Exchange Act of 1934, (D) a person who has no  
113 place of business in this state if such person effects transactions in this  
114 state exclusively with or through (i) the issuers of the securities

115 involved in the transactions, (ii) other broker-dealers, or (iii) a bank  
116 and trust company, a national banking association, a savings bank, a  
117 savings and loan association, a federal savings bank, a federal savings  
118 and loan association, a credit union, a federal credit union, a trust  
119 company, an insurance company, an investment company as defined  
120 in the Investment Company Act of 1940, a pension or profit-sharing  
121 trust, or other financial institution or institutional buyer, whether  
122 acting for itself or as trustee, or (E) such other persons not within the  
123 intent of this subdivision as the commissioner may by regulation or  
124 order determine.

125 (6) "Commissioner" means the Banking Commissioner or any  
126 person appointed or designated by the Banking Commissioner to  
127 administer sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
128 this act.

129 (7) "Covered security" has the meaning given to that term in Section  
130 18(b) of the Securities Act of 1933.

131 (8) "Fraud", "deceit" and "defraud" are not limited to common-law  
132 deceit.

133 (9) "Guaranteed" means guaranteed as to payment of principal,  
134 interest or dividends.

135 (10) "International banking institution" means an international  
136 financial institution, as defined in 22 USC 262r, as from time to time  
137 amended, of which the United States is a member and whose securities  
138 are exempt from registration under the Securities Act of 1933.

139 (11) "Investment adviser" means any person who, for compensation,  
140 engages in the business of advising others, either directly or through  
141 publications or writings, as to the value of securities or as to the  
142 advisability of investing in, purchasing or selling securities, or who, for  
143 compensation and as a part of a regular business, issues or  
144 promulgates analyses or reports concerning securities. "Investment

145 adviser" does not include (A) an investment adviser agent; (B) a bank,  
146 as defined in Section 202(a)(2) of the Investment Advisers Act of 1940,  
147 or a bank holding company, as defined in the Bank Holding Company  
148 Act of 1956, that is excepted from the definition of "investment  
149 adviser" in Section 202(a)(11) of the Investment Advisers Act of 1940;  
150 (C) a lawyer, accountant, engineer, or teacher whose performance of  
151 these services is solely incidental to the practice of such person's  
152 profession; (D) a broker-dealer whose performance of these services is  
153 solely incidental to the conduct of such person's business as a broker-  
154 dealer and who receives no special compensation for them; (E) a  
155 publisher of any bona fide newspaper, news magazine, or business or  
156 financial publication of general, regular, and paid circulation; (F) a  
157 person whose advice, analyses or reports relate only to securities  
158 exempted by subdivision (1) of subsection (a) of section 36b-21; (G) any  
159 insurance company under the supervision of the Insurance  
160 Commissioner or any affiliate thereof, as defined in subsection (b) of  
161 section 38a-129, when providing services to separate accounts of that  
162 insurance company or registered investment companies all of whose  
163 shares are owned by such insurance company or its insurance  
164 company affiliates or by the separate accounts of that insurance  
165 company or its insurance company affiliates; and (H) such other  
166 persons not within the intent of this subdivision as the commissioner  
167 may by regulation or order designate.

168 (12) (A) "Investment adviser agent" includes (i) any individual,  
169 including an officer, partner or director of an investment adviser, or an  
170 individual occupying a similar status or performing similar functions,  
171 employed, appointed or authorized by or associated with an  
172 investment adviser to solicit business from any person for such  
173 investment adviser in this state and who receives compensation or  
174 other remuneration, directly or indirectly, for such solicitation; or (ii)  
175 any partner, officer, or director of an investment adviser, or an  
176 individual occupying a similar status or performing similar functions,  
177 or other individual employed, appointed, or authorized by or  
178 associated with an investment adviser, who makes any

179 recommendation or otherwise renders advice regarding securities to  
180 clients and who receives compensation or other remuneration, directly  
181 or indirectly, for such advisory services.

182 (B) "Investment adviser agent" does not include an individual  
183 employed, appointed or authorized by, associated with or acting on  
184 behalf of an investment adviser exempt from registration under  
185 subdivision (1) or (2) of subsection (e) of section 36b-6, who is a  
186 "supervised person", as defined in Section 202(a)(25) of the Investment  
187 Advisers Act of 1940, unless such supervised person is an "investment  
188 adviser representative", as defined in Securities and Exchange  
189 Commission Rule 203A-3, 17 CFR 275.203A-3.

190 (C) "Investment adviser agent" does not include such other  
191 individuals not within the intent of this subdivision as the  
192 commissioner may by regulation or order designate.

193 (13) "Issuer" means any person who issues or proposes to issue any  
194 security; except that (A) with respect to a certificate of deposit, a  
195 voting-trust certificate, or a collateral-trust certificate, or with respect  
196 to a certificate of interest or a share in an unincorporated investment  
197 trust not having a board of directors or persons performing similar  
198 functions or of the fixed, restricted management, or unit type, "issuer"  
199 means any person performing the acts and assuming the duties of  
200 depositor or manager pursuant to the provisions of the trust or other  
201 agreement or instrument under which the security is issued; (B) with  
202 respect to an equipment trust certificate or similar security serving the  
203 same purpose, "issuer" means any person who uses or will use the  
204 property, any person to whom the property or equipment is or will be  
205 leased or conditionally sold or any person who is otherwise  
206 contractually responsible for assuring payment of the certificate; and  
207 (C) with respect to a fractional undivided interest in oil, gas or other  
208 mineral leases or in payments out of production under a lease, right or  
209 royalty, "issuer" means any owner of an interest in the lease or in  
210 payments out of production under a lease, right or royalty, whether

211 whole or fractional, who creates fractional interests for the purpose of  
212 sale.

213 (14) "Nonissuer" means not directly or indirectly for the benefit of  
214 the issuer.

215 (15) "Person" means an individual, a corporation, a limited liability  
216 company, a partnership, a limited partnership, a limited liability  
217 partnership, an association, a joint-stock company, a trust where the  
218 interests of the beneficiaries are evidenced by a security, an  
219 unincorporated organization, a government or a political subdivision  
220 of a government.

221 (16) (A) "Sale" or "sell" includes every contract of sale of, contract to  
222 sell, or disposition of, a security or interest in a security for value. (B)  
223 "Offer" or "offer to sell" includes every attempt or offer to dispose of, or  
224 solicitation of an offer to buy, a security or interest in a security for  
225 value. (C) Any security given or delivered with, or as a bonus on  
226 account of, any purchase of securities or any other thing shall be  
227 conclusively presumed to constitute a part of the subject of such  
228 purchase and to have been sold for value. (D) Nothing in this  
229 subdivision shall limit or diminish the full meaning of the terms "sale",  
230 "sell", "offer" or "offer to sell" as construed by the courts of this state.  
231 (E) A purported gift of assessable stock is considered to involve an  
232 offer and sale. (F) Every sale or offer of a warrant or right to purchase  
233 or subscribe to another security of the same or another issuer, as well  
234 as every sale or offer of a security which gives the holder a present or  
235 future right or privilege to convert into another security of the same or  
236 another issuer, is considered to include an offer of the other security.  
237 (G) The terms defined in this subdivision do not include: (i) Any bona  
238 fide pledge or loan; (ii) any stock dividend, whether the corporation  
239 distributing the dividend is the issuer of the stock or not, if nothing of  
240 value is given by stockholders for the dividend other than the  
241 surrender of a right to a cash or property dividend when each  
242 stockholder may elect to take the dividend in cash or property or in

243 stock; (iii) any act incident to a class vote by security holders on a  
244 merger, exchange of securities for securities, consolidation,  
245 reclassification of securities, or sale of assets in consideration of the  
246 issuance of securities or securities and cash of another person other  
247 than an individual; or (iv) any security which is issued in exchange for  
248 one or more bona fide outstanding securities, claims or property  
249 interests, or partly in such exchange and partly for cash, where the  
250 terms and conditions of such issuance and exchange are approved by  
251 any state or federal court.

252 (17) "Securities Act of 1933", "Securities Exchange Act of 1934",  
253 "Public Utility Holding Company Act of 1935", "Investment Advisers  
254 Act of 1940" and "Investment Company Act of 1940" mean the federal  
255 statutes of those names, as from time to time amended.

256 (18) "Securities and Exchange Commission" means the United States  
257 Securities and Exchange Commission.

258 (19) "Security" means any note, stock, treasury stock, security future,  
259 bond, debenture, evidence of indebtedness, certificate of interest or  
260 participation in any profit-sharing agreement, interests of limited  
261 partners in a limited partnership, collateral-trust certificate,  
262 preorganization certificate or subscription, transferable share,  
263 investment contract, voting-trust certificate, certificate of deposit for a  
264 security, fractional undivided interest in oil, gas or other mineral  
265 rights, put, call, straddle, option, or privilege on any security or group  
266 or index of securities, including any interest in or based on the value of  
267 such security, group or index, put, call, straddle, option or privilege  
268 entered into on a national securities exchange relating to foreign  
269 currency, or, in general, any interest or instrument commonly known  
270 as a "security", or any certificate of interest or participation in,  
271 temporary or interim certificate for, receipt for, guarantee of, or  
272 warrant or right to subscribe to or purchase, any of the foregoing.  
273 "Security" includes (A) a certificated and an uncertificated security,  
274 and (B) as an "investment contract", an interest in a limited liability

275 company or limited liability partnership, but does not include any  
276 insurance or endowment policy or annuity contract issued by an  
277 insurance company that is subject to regulation by the Insurance  
278 Commissioner.

279 (20) "Self-regulatory organization" means a national securities  
280 exchange, a national securities association of broker-dealers or a  
281 clearing agency registered under the Securities Exchange Act of 1934  
282 or the Municipal Securities Rulemaking Board established under the  
283 Securities Exchange Act of 1934.

284 (21) "Shell company" or "dormant company" means any company  
285 which does not pursue nor has the financial capacity to pursue a  
286 business plan or purpose.

287 (22) "State" means any state, territory or possession of the United  
288 States, the District of Columbia and Puerto Rico.

289 Sec. 4. Subsections (b) and (c) of section 36b-5 of the general statutes  
290 are repealed and the following is substituted in lieu thereof (*Effective*  
291 *from passage*):

292 (b) (1) It is unlawful for any investment adviser that is registered or  
293 required to be registered under sections 36b-2 to [36b-33] 36b-34,  
294 inclusive, as amended by this act, to have, enter into, extend or renew  
295 any investment advisory contract, whether written or oral, unless it is  
296 signed by the client or clients and discloses in writing: (A) That the  
297 investment adviser shall not be compensated on the basis of a share of  
298 capital gains upon or capital appreciation of the funds or any portion  
299 of the funds of the client; (B) that an assignment of the contract may  
300 not be made by the investment adviser without the consent of the  
301 other party to the contract; (C) that the investment adviser, if a  
302 partnership, shall notify the other party to the contract of any change  
303 in the membership of the partnership within a reasonable time after  
304 the change; (D) the fee arrangement between the investment adviser  
305 and the client or clients; and (E) the services which the investment

306 adviser will render. (2) Subparagraph (A) of subdivision (1) of this  
307 subsection does not prohibit an investment advisory contract which  
308 provides for compensation based upon the total or net asset value of a  
309 fund averaged over a definite period or as of definite dates or taken as  
310 of a definite date. (3) "Assignment", as used in subparagraph (B) of  
311 subdivision (1) of this subsection, includes any direct or indirect  
312 transfer or hypothecation of an investment advisory contract by the  
313 assignor or of the beneficial ownership of a controlling block of the  
314 assignor's outstanding voting securities by a security holder of the  
315 assignor, but, if the investment adviser is a partnership, an assignment  
316 of an investment advisory contract is not considered to result from the  
317 death or withdrawal of a minority of the members of the investment  
318 adviser having only a minority interest in the business of the  
319 investment adviser, or from the admission to the investment adviser of  
320 one or more members who, after admission, will be only a minority of  
321 the members and will have only a minority interest in the business.

322 (c) It is unlawful for any investment adviser that is registered or  
323 required to be registered under sections 36b-2 to [36b-33] 36b-34,  
324 inclusive, as amended by this act, to take or have custody of any  
325 securities or funds of any client if: (1) The commissioner by regulation  
326 prohibits custody; or (2) in the absence of a regulation, the investment  
327 adviser fails to notify the commissioner that he has or may have  
328 custody.

329 Sec. 5. Subsection (a) to (c), inclusive, of section 36b-6 of the general  
330 statutes are repealed and the following is substituted in lieu thereof  
331 (*Effective from passage*):

332 (a) No person shall transact business in this state as a broker-dealer  
333 unless such person is registered under sections 36b-2 to [36b-33] 36b-  
334 34, inclusive, as amended by this act. No person shall transact business  
335 in this state as a broker-dealer in contravention of a sanction that is  
336 currently effective imposed by the Securities and Exchange  
337 Commission or by a self-regulatory organization of which such person

338 is a member if the sanction would prohibit such person from effecting  
339 transactions in securities in this state. No individual shall transact  
340 business as an agent in this state unless such individual is (1)  
341 registered as an agent of the broker-dealer or issuer whom such  
342 individual represents in transacting such business, or (2) an associated  
343 person who represents a broker-dealer in effecting transactions  
344 described in subdivisions (2) and (3) of Section 15(h) of the Securities  
345 Exchange Act of 1934. No individual shall transact business in this  
346 state as an agent of a broker-dealer in contravention of a sanction that  
347 is currently effective imposed by the Securities and Exchange  
348 Commission or a self-regulatory organization of which the employing  
349 broker-dealer is a member if the sanction would prohibit the  
350 individual employed by such broker-dealer from effecting transactions  
351 in securities in this state.

352 (b) No issuer shall employ an agent unless such agent is registered  
353 under sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended by this  
354 act. No broker-dealer shall employ an agent unless such agent is (1)  
355 registered under sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as  
356 amended by this act, or (2) an associated person who represents a  
357 broker-dealer in effecting transactions described in subdivisions (2)  
358 and (3) of Section 15(h) of the Securities Exchange Act of 1934. The  
359 registration of an agent is not effective during any period when such  
360 agent is not associated with a particular broker-dealer registered under  
361 sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended by this act, or a  
362 particular issuer. When an agent begins or terminates a connection  
363 with a broker-dealer or issuer, or begins or terminates those activities  
364 which make such individual an agent, both the agent and the broker-  
365 dealer or issuer shall promptly notify the commissioner.

366 (c) (1) No person shall transact business in this state as an  
367 investment adviser unless registered as such by the commissioner as  
368 provided in sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended by  
369 this act, or exempted pursuant to subsection (e) of this section. No  
370 person shall transact business, directly or indirectly, in this state as an

371 investment adviser if the registration of such investment adviser is  
372 suspended or revoked or, in the case of an investment adviser who is  
373 an individual, the investment adviser is barred from employment or  
374 association with an investment adviser or broker-dealer by order of the  
375 commissioner, the Securities and Exchange Commission or a self-  
376 regulatory organization.

377 (2) No individual shall transact business in this state as an  
378 investment adviser agent unless such individual is registered as an  
379 investment adviser agent of the investment adviser for which such  
380 individual acts in transacting such business. An investment adviser  
381 agent registered under sections 36b-2 to [36b-33] 36b-34, inclusive, as  
382 amended by this act, who refers advisory clients to another investment  
383 adviser registered under said sections 36b-2 to [36b-33] 36b-34,  
384 inclusive, as amended by this act, or to an investment adviser  
385 registered with the Securities and Exchange Commission that has filed  
386 a notice under subsection (e) of this section, is not required to register  
387 as an investment adviser agent of such investment adviser if the only  
388 compensation paid for such referral services is paid to the investment  
389 adviser with whom the individual is employed or associated. No  
390 individual shall transact business, directly or indirectly, in this state as  
391 an investment adviser agent on behalf of an investment adviser if the  
392 registration of such individual as an investment adviser agent is  
393 suspended or revoked or the individual is barred from employment or  
394 association with an investment adviser by an order of the  
395 commissioner, the Securities and Exchange Commission or a self-  
396 regulatory organization.

397 (3) No investment adviser shall engage an investment adviser agent  
398 unless such investment adviser agent is registered under sections 36b-2  
399 to [36b-33] 36b-34, inclusive, as amended by this act. The registration  
400 of an investment adviser agent is not effective during any period when  
401 such investment adviser agent is not associated with a particular  
402 investment adviser. When an investment adviser agent begins or  
403 terminates a connection with an investment adviser, both the

404 investment adviser agent and the investment adviser shall promptly  
405 notify the commissioner. If an investment adviser or investment  
406 adviser agent provides such notice, such investment adviser or  
407 investment adviser agent shall not be liable for the failure of the other  
408 to give such notice.

409 Sec. 6. Subsection (i) of section 36b-6 of the general statutes is  
410 repealed and the following is substituted in lieu thereof (*Effective from*  
411 *passage*):

412 (i) (1) A broker-dealer or investment adviser may succeed to the  
413 current registration of another broker-dealer or investment adviser or  
414 to a notice filing of an investment adviser registered with the Securities  
415 and Exchange Commission, and an investment adviser registered with  
416 the Securities and Exchange Commission may succeed to the current  
417 registration of an investment adviser or to a notice filing of another  
418 investment adviser registered with the Securities and Exchange  
419 Commission, by filing as a successor an application for registration  
420 pursuant to section 36b-7 or a notice pursuant to subsection (e) of this  
421 section for the unexpired portion of the current registration or notice  
422 filing and paying the fee required by subsection (a) of section 36b-12.

423 (2) A broker-dealer or investment adviser that changes its form of  
424 organization or state of incorporation or organization may continue its  
425 registration by filing an amendment to its registration if the change  
426 does not involve a material change in its management. The  
427 amendment shall become effective when filed or on a date designated  
428 by the registrant in its filing. The new organization shall be a successor  
429 to the original registrant for the purposes of sections 36b-2 to [36b-33]  
430 36b-34, inclusive, as amended by this act. If there is a material change  
431 in management, the broker-dealer or investment adviser shall file a  
432 new application for registration. A predecessor registered under  
433 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act,  
434 shall stop conducting its securities business or investment advisory  
435 business other than winding down transactions and shall file for

436 withdrawal of its broker-dealer or investment adviser registration not  
437 later than forty-five days after filing its amendment to effect  
438 succession.

439 (3) A broker-dealer or investment adviser that changes its name  
440 may continue its registration by filing an amendment to its  
441 registration. The amendment shall become effective when filed or on a  
442 date designated by the registrant.

443 (4) The commissioner may, by regulation adopted, in accordance  
444 with chapter 54, or order, prescribe the means by which a change of  
445 control of a broker-dealer or investment adviser may be made.

446 (5) Nothing in this subsection shall relieve a registrant of its  
447 obligation to pay agent and investment adviser agent transfer fees as  
448 described in subsection (d) of section 36b-12.

449 Sec. 7. Section 36b-10 of the general statutes is repealed and the  
450 following is substituted in lieu thereof (*Effective from passage*):

451 Each application for registration under sections 36b-2 to [36b-33]  
452 36b-34, inclusive, as amended by this act, shall be sworn to, before a  
453 person qualified to administer oaths, by the person making the same  
454 and shall state that the alleged facts therein contained are true to his  
455 own knowledge. If such person is a partnership, such oath shall be  
456 made by a general partner thereof, and, if such person is a corporation  
457 or other form of association, such oath shall be made by an executive  
458 officer thereof.

459 Sec. 8. Section 36b-11 of the general statutes is repealed and the  
460 following is substituted in lieu thereof (*Effective from passage*):

461 Each application for registration under sections 36b-2 to [36b-33]  
462 36b-34, inclusive, as amended by this act, shall be accompanied by a  
463 photograph as defined by the commissioner, unless the commissioner  
464 waives the requirement of such photograph. If the applicant for  
465 registration as a broker-dealer or investment adviser is a sole

466 proprietorship, the photograph shall be of the sole proprietor; if the  
467 application is for a partnership, it shall be accompanied by a  
468 photograph of each general partner; if the application is for a  
469 corporation, it shall be accompanied by a photograph of each principal  
470 officer or director as determined by the commissioner.

471 Sec. 9. Subsection (c) of section 36b-14 of the general statutes is  
472 repealed and the following is substituted in lieu thereof (*Effective from*  
473 *passage*):

474 (c) If the information contained in any document filed with the  
475 commissioner under this section is or becomes inaccurate or  
476 incomplete in any material respect, the person making the filing shall  
477 promptly file a correcting amendment unless notification of the  
478 correction has been given under sections 36b-2 to [36b-33] 36b-34,  
479 inclusive, as amended by this act.

480 Sec. 10. Section 36b-15 of the 2010 supplement to the general statutes  
481 is repealed and the following is substituted in lieu thereof (*Effective*  
482 *from passage*):

483 (a) The commissioner may, by order, deny, suspend or revoke any  
484 registration or, by order, restrict or impose conditions on the securities  
485 or investment advisory activities that an applicant or registrant may  
486 perform in this state if the commissioner finds that (1) the order is in  
487 the public interest, and (2) the applicant or registrant or, in the case of a  
488 broker-dealer or investment adviser, any partner, officer, or director,  
489 any person occupying a similar status or performing similar functions,  
490 or any person directly or indirectly controlling the broker-dealer or  
491 investment adviser: (A) Has filed an application for registration which  
492 as of its effective date, or as of any date after filing in the case of an  
493 order denying effectiveness, was incomplete in any material respect or  
494 contained any statement which was, in light of the circumstances  
495 under which it was made, false or misleading with respect to any  
496 material fact; (B) has wilfully violated or wilfully failed to comply with  
497 any provision of sections 36b-2 to [36b-33] 36b-34, inclusive, as

498 amended by this act, or a predecessor statute or any regulation or  
499 order under said sections or a predecessor statute; (C) has been  
500 convicted, within the past ten years, of any misdemeanor involving a  
501 security, any aspect of a business involving securities, commodities,  
502 investments, franchises, business opportunities, insurance, banking or  
503 finance, or any felony, provided any denial, suspension or revocation  
504 of such registration shall be in accordance with the provisions of  
505 section 46a-80; (D) is permanently or temporarily enjoined by any  
506 court of competent jurisdiction from engaging in or continuing any  
507 conduct or practice involving any aspect of a business involving  
508 securities, commodities, investments, franchises, business  
509 opportunities, insurance, banking or finance; (E) is the subject of a  
510 cease and desist order of the commissioner or an order of the  
511 commissioner denying, suspending, or revoking registration as a  
512 broker-dealer, agent, investment adviser or investment adviser agent;  
513 (F) is the subject of any of the following sanctions that are currently  
514 effective or were imposed within the past ten years: (i) An order issued  
515 by the securities administrator of any other state or by the Securities  
516 and Exchange Commission or the Commodity Futures Trading  
517 Commission denying, suspending or revoking registration as a  
518 broker-dealer, agent, investment adviser, investment adviser agent or a  
519 person required to be registered under the Commodity Exchange Act,  
520 7 USC 1 et seq., as from time to time amended, and the rules and  
521 regulations thereunder, or the substantial equivalent of those terms, as  
522 defined in sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
523 this act, (ii) an order of the Securities and Exchange Commission or  
524 Commodity Futures Trading Commission suspending or expelling  
525 such applicant, registrant or person from a national securities or  
526 commodities exchange or national securities or commodities  
527 association registered under the Securities Exchange Act of 1934 or the  
528 Commodity Exchange Act, 7 USC 1 et seq., as from time to time  
529 amended, or, in the case of an individual, an order of the Securities  
530 and Exchange Commission or an equivalent order of the Commodity  
531 Futures Trading Commission barring such individual from association

532 with a broker-dealer or an investment adviser, (iii) a suspension,  
533 expulsion or other sanction issued by a national securities exchange or  
534 other self-regulatory organization registered under federal laws  
535 administered by the Securities and Exchange Commission or the  
536 Commodity Futures Trading Commission if the effect of the sanction  
537 has not been stayed or overturned by appeal or otherwise, (iv) a  
538 United States Post Office fraud order, (v) a denial, suspension,  
539 revocation or other sanction issued by the commissioner or any other  
540 state or federal financial services regulator based upon nonsecurities  
541 violations of any state or federal law under which a business involving  
542 investments, franchises, business opportunities, insurance, banking or  
543 finance is regulated, or (vi) a cease and desist order entered by the  
544 Securities and Exchange Commission, a self-regulatory organization or  
545 the securities agency or administrator of any other state or Canadian  
546 province or territory; but the commissioner may not (I) institute a  
547 revocation or suspension proceeding under this subparagraph more  
548 than five years from the date of the sanction relied on, and (II) enter an  
549 order under this subparagraph on the basis of an order under any  
550 other state act unless that order was based on facts which would  
551 constitute a ground for an order under this section; (G) may be denied  
552 registration under federal law as a broker-dealer, agent, investment  
553 adviser, investment adviser agent or as a person required to be  
554 registered under the Commodity Exchange Act, 7 USC 1 et seq., as  
555 from time to time amended, and the rules and regulations  
556 promulgated thereunder, or the substantial equivalent of those terms  
557 as defined in sections 36b-2 to [36b-33] 36b-34, inclusive, as amended  
558 by this act; (H) has engaged in fraudulent, dishonest or unethical  
559 practices in the securities, commodities, investment, franchise,  
560 business opportunity, banking, finance or insurance business,  
561 including abusive sales practices in the business dealings of such  
562 applicant, registrant or person with current or prospective customers  
563 or clients; (I) is insolvent, either in the sense that the liabilities of such  
564 applicant, registrant or person exceed the assets of such applicant,  
565 registrant or person, or in the sense that such applicant, registrant or

566 person cannot meet the obligations of such applicant, registrant or  
567 person as they mature; but the commissioner may not enter an order  
568 against a broker-dealer or investment adviser under this subparagraph  
569 without a finding of insolvency as to the broker-dealer or investment  
570 adviser; (J) is not qualified on the basis of such factors as training,  
571 experience, and knowledge of the securities business, except as  
572 otherwise provided in subsection (b) of this section; (K) has failed  
573 reasonably to supervise: (i) The agents or investment adviser agents of  
574 such applicant or registrant, if the applicant or registrant is a  
575 broker-dealer or investment adviser; or (ii) the agents of a broker-  
576 dealer or investment adviser agents of an investment adviser, if such  
577 applicant, registrant or other person is or was an agent, investment  
578 adviser agent or other person charged with exercising supervisory  
579 authority on behalf of a broker-dealer or investment adviser; (L) in  
580 connection with any investigation conducted pursuant to section  
581 36b-26, as amended by this act, or any examination under subsection  
582 (d) of section 36b-14, has made any material misrepresentation to the  
583 commissioner or upon request made by the commissioner, has  
584 withheld or concealed material information from, or refused to furnish  
585 material information to the commissioner, provided, there shall be a  
586 rebuttable presumption that any records, including, but not limited to,  
587 written, visual, audio, magnetic or electronic records, computer  
588 printouts and software, and any other documents, that are withheld or  
589 concealed from the commissioner in connection with any such  
590 investigation or examination are material, unless such presumption is  
591 rebutted by substantial evidence; (M) has wilfully aided, abetted,  
592 counseled, commanded, induced or procured a violation of any  
593 provision of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
594 this act, or a predecessor statute or any regulation or order under such  
595 sections or a predecessor statute; (N) after notice and opportunity for a  
596 hearing, has been found within the previous ten years: (i) By a court of  
597 competent jurisdiction, to have wilfully violated the laws of a foreign  
598 jurisdiction under which the business of securities, commodities,  
599 investments, franchises, business opportunities, insurance, banking or

600 finance is regulated; (ii) to have been the subject of an order of a  
601 securities regulator of a foreign jurisdiction denying, revoking or  
602 suspending the right to engage in the business of securities as a broker-  
603 dealer, agent, investment adviser, investment adviser agent or similar  
604 person; or (iii) to have been suspended or expelled from membership  
605 by or participation in a securities exchange or securities association  
606 operating under the securities laws of a foreign jurisdiction. As used in  
607 this subparagraph, "foreign" means a jurisdiction outside of the United  
608 States; or (O) has failed to pay the proper filing fee; but the  
609 commissioner may enter only a denial order under this subparagraph,  
610 and the commissioner shall vacate any such order when the deficiency  
611 has been corrected. The commissioner may not institute a suspension  
612 or revocation proceeding on the basis of a fact or transaction known to  
613 the commissioner when the registration became effective unless the  
614 proceeding is instituted within one hundred eighty days of the  
615 effective date of such registration.

616 (b) The following provisions govern the application of  
617 subparagraph (J) of subdivision (2) of subsection (a) of this section: (1)  
618 The commissioner may not enter an order against a broker-dealer on  
619 the basis of the lack of qualification of any person other than (A) the  
620 broker-dealer if the broker-dealer is an individual, or (B) an agent of  
621 the broker-dealer; (2) the commissioner may not enter an order against  
622 an investment adviser on the basis of the lack of qualification of any  
623 person other than (A) the investment adviser if the investment adviser  
624 is an individual, or (B) any other person who represents the  
625 investment adviser in doing any of the acts which make the investment  
626 adviser an investment adviser; (3) the commissioner may not enter an  
627 order solely on the basis of lack of experience if the applicant or  
628 registrant is qualified by training or knowledge or both; (4) the  
629 commissioner shall consider that an agent who will work under the  
630 supervision of a registered broker-dealer need not have the same  
631 qualifications as a broker-dealer; (5) the commissioner shall consider  
632 that an investment adviser is not necessarily qualified solely on the  
633 basis of experience as a broker-dealer or agent. When the

634 commissioner finds that an applicant for initial or renewal registration  
635 as a broker-dealer is not qualified as an investment adviser, the  
636 commissioner may by order condition the applicant's registration as a  
637 broker-dealer upon the applicant's not transacting business in this state  
638 as an investment adviser; (6) the commissioner may by regulation  
639 provide for an examination, which may be written or oral or both, to  
640 be taken by any class of or all applicants, as well as persons who  
641 represent or will represent an investment adviser in doing any of the  
642 acts which make the investment adviser an investment adviser.

643 (c) The commissioner may by order summarily postpone or suspend  
644 registration or require a registrant to take or refrain from taking such  
645 action that in the opinion of the commissioner will effectuate the  
646 purposes of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
647 this act, pending final determination of any proceeding under this  
648 section. Upon the entry of the order, the commissioner shall promptly  
649 notify the applicant or registrant, as well as the employer or  
650 prospective employer if the applicant or registrant is an agent or an  
651 investment adviser agent, that it has been entered and of the reasons  
652 therefor and that within fifteen days after the receipt of a written  
653 request the matter will be set down for hearing. If no hearing is  
654 requested and none is ordered by the commissioner, the order will  
655 remain in effect until it is modified or vacated by the commissioner. If  
656 a hearing is requested or ordered, the commissioner, after notice of  
657 and opportunity for hearing, may modify or vacate the order or extend  
658 it until final determination.

659 (d) If the commissioner finds that any registrant or applicant for  
660 registration is no longer in existence or has ceased to do business as a  
661 broker-dealer, agent, investment adviser or investment adviser agent,  
662 or is subject to an adjudication of mental incompetence or to the  
663 control of a committee, conservator, or guardian, or cannot be located  
664 after reasonable search, the commissioner may by order cancel the  
665 registration or application.

666 (e) (1) Withdrawal from registration as a broker-dealer, agent,  
667 investment adviser or investment adviser agent, or withdrawal of an  
668 application for registration as a broker-dealer, agent, investment  
669 adviser or investment adviser agent, becomes effective ninety days  
670 after receipt of an application to withdraw such registration or a notice  
671 of intent to withdraw such application for registration or within such  
672 shorter period of time as the commissioner may determine, unless a  
673 denial, revocation or suspension proceeding is pending when the  
674 application or notice is filed or a proceeding to deny, revoke, suspend  
675 or impose conditions upon the withdrawal is instituted within ninety  
676 days after the application or notice is filed. If a proceeding is pending  
677 or instituted, withdrawal becomes effective at such time and upon  
678 such conditions as the commissioner by order determines. If no  
679 proceeding is pending or instituted and withdrawal automatically  
680 becomes effective, the commissioner may nevertheless institute a  
681 denial, revocation or suspension proceeding under subsection (a) of  
682 this section within one year after withdrawal became effective.

683 (2) If the registration of a broker-dealer, agent, investment adviser  
684 or investment adviser agent expires due to the registrant's failure to  
685 renew, within one year of such expiration, the commissioner may  
686 nevertheless institute a revocation or suspension proceeding or issue  
687 an order suspending or revoking the registration under subsection (a)  
688 of this section.

689 (f) No order may be entered under this section except as provided in  
690 subsection (c) of this section without (1) appropriate prior notice to the  
691 applicant or registrant and to the employer or prospective employer if  
692 such applicant or registrant is an agent or investment adviser agent, (2)  
693 opportunity for hearing, and (3) written findings of fact and  
694 conclusions of law.

695 (g) Notwithstanding the provisions of subsection (a) of this section,  
696 the commissioner may deny an application for registration as a broker-  
697 dealer, agent, investment adviser, investment adviser agent or branch

698 office if the applicant fails to respond to any request for information  
699 required under sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended  
700 by this act, or the regulations adopted pursuant to said sections. The  
701 commissioner shall notify the applicant in writing that if such  
702 information is not submitted within sixty days the application shall be  
703 deemed abandoned and denied. An application filing fee paid prior to  
704 the date an application is denied pursuant to this subsection shall not  
705 be refunded. Denial of an application pursuant to this subsection shall  
706 not preclude the applicant from submitting a new application for  
707 registration under said sections. The hearing requirement provided for  
708 in subsection (f) of this section shall not apply to the denial of an  
709 application issued pursuant to this subsection.

710 Sec. 11. Section 36b-16 of the general statutes is repealed and the  
711 following is substituted in lieu thereof (*Effective from passage*):

712 No person shall offer or sell any security in this state unless (1) it is  
713 registered under sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as  
714 amended by this act, (2) the security or transaction is exempted under  
715 section 36b-21, as amended by this act, or (3) the security is a covered  
716 security provided such person complies with any applicable  
717 requirements in subsections (c), (d) and (e) of section 36b-21.

718 Sec. 12. Subsections (c) and (d) of section 36b-19 of the general  
719 statutes are repealed and the following is substituted in lieu thereof  
720 (*Effective from passage*):

721 (c) Every registration statement shall specify (1) the amount of  
722 securities to be offered; (2) the states in which a registration statement  
723 or similar document in connection with the offering has been or is to  
724 be filed; (3) the name of any broker-dealer or agent of issuer registered  
725 to do business under sections 36b-2 to [36b-33] ~~36b-34~~, inclusive, as  
726 amended by this act, who may offer the securities in this state; and (4)  
727 any adverse order, judgment, or decree entered in connection with the  
728 offering by the regulatory authorities in each state or by any court or  
729 the Securities and Exchange Commission.

730 (d) Any document filed under sections 36b-2 to [36b-33] ~~36b-34~~,  
731 inclusive, as amended by this act, or a predecessor act within five years  
732 preceding the filing of a registration statement may be incorporated by  
733 reference in the registration statement to the extent that the document  
734 is currently accurate.

735 Sec. 13. Subsection (k) of section 36b-19 of the general statutes is  
736 repealed and the following is substituted in lieu thereof (*Effective from*  
737 *passage*):

738 (k) When any securities have been sold without compliance with the  
739 provisions of section 36b-16, as amended by this act, any person may  
740 apply in writing on forms designated by the commissioner for the  
741 registration by qualification of such securities. If the commissioner  
742 finds as the result of an investigation that no person has been  
743 defrauded, prejudiced or damaged by the prior failure to effect a  
744 registration, the commissioner may permit such securities to be  
745 registered upon the payment of fifty dollars plus the fees prescribed in  
746 this section. Such registration by qualification under this subsection  
747 shall not relieve anyone who has violated any provision of sections  
748 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended by this act, from  
749 prosecution hereunder.

750 Sec. 14. Subsection (a) of section 36b-20 of the general statutes is  
751 repealed and the following is substituted in lieu thereof (*Effective from*  
752 *passage*):

753 (a) The commissioner may issue a stop order denying effectiveness  
754 to, or suspending or revoking the effectiveness of, any registration  
755 statement if he finds (1) that the order is in the public interest and (2)  
756 that: (A) The registration statement as of its effective date or as of any  
757 earlier date in the case of an order denying effectiveness, or any report  
758 under subsection (j) of section 36b-19, is incomplete in any material  
759 respect but is not abandoned pursuant to subsection (e) of this section  
760 or contains any statement which was, in the light of the circumstances  
761 under which it was made, false or misleading with respect to any

762 material fact; (B) any provision of sections 36b-2 to [36b-33] ~~36b-34~~,  
763 inclusive, as amended by this act, or any regulation, order or condition  
764 lawfully imposed under said sections has been wilfully violated, in  
765 connection with the offering, by (i) the person filing the registration  
766 statement, (ii) the issuer, any partner, officer or director of the issuer,  
767 any person occupying a similar status or performing similar functions,  
768 or any person directly or indirectly controlling or controlled by the  
769 issuer, provided the person filing the registration statement is directly  
770 or indirectly controlled by or acting for the issuer, or (iii) any  
771 underwriter; (C) the security registered or sought to be registered is  
772 the subject of an administrative stop order or similar order or a  
773 permanent or temporary injunction of any court of competent  
774 jurisdiction entered under any other federal or state act applicable to  
775 the offering; except the commissioner (i) may not institute a  
776 proceeding against an effective registration statement under this  
777 subparagraph more than one year from the date of the order or  
778 injunction relied on, and (ii) may not enter an order under this  
779 subparagraph on the basis of an order or injunction entered under any  
780 other state act unless that order or injunction was based on facts which  
781 would currently constitute a ground for a stop order under this  
782 section; (D) the issuer's enterprise or method of business includes or  
783 would include activities which are illegal where performed; (E) the  
784 offering has worked or tended to work a fraud upon purchasers or  
785 would so operate; (F) the offering has been or would be made with  
786 unreasonable amounts of underwriters' and sellers' discounts,  
787 commissions or other compensation, or promoters' profits or  
788 participation, or unreasonable amounts or kinds of options; (G) when a  
789 security is sought to be registered by coordination, there has been a  
790 failure to comply with the undertaking required by subdivision (4) of  
791 subsection (b) of section 36b-17; (H) the applicant or registrant has  
792 failed to pay the proper filing fee; but the commissioner may enter  
793 only a denial order under this clause and he shall vacate any such  
794 order when the deficiency has been corrected; or (I) the issuer is a  
795 blank check company. The commissioner may not institute a stop

796 order proceeding against an effective registration statement on the  
797 basis of a fact or transaction known to him when the registration  
798 statement became effective unless the proceeding is instituted within  
799 one hundred eighty days of the effective date of such registration  
800 statement.

801 Sec. 15. Subsection (b) of section 36b-21 of the general statutes is  
802 repealed and the following is substituted in lieu thereof (*Effective from*  
803 *passage*):

804 (b) The following transactions are exempted from sections 36b-16  
805 and 36b-22, as amended by this act: (1) Any isolated nonissuer  
806 transaction, whether effected through a broker-dealer or not; (2) any  
807 nonissuer transaction by a registered agent of a registered  
808 broker-dealer in a security of a class that has been outstanding in the  
809 hands of the public for at least ninety days provided, at the time of the  
810 transaction: (A) The security is sold at a price reasonably related to the  
811 current market price of the security; (B) the security does not constitute  
812 the whole or part of an unsold allotment to, or a subscription or  
813 participation by, the broker-dealer as an underwriter of the security;  
814 (C) a nationally recognized securities manual contains (i) a description  
815 of the business and operations of the issuer; (ii) the names of the  
816 issuer's officers and directors or, in the case of a non-United States  
817 issuer, the corporate equivalents of such persons in the issuer's country  
818 of domicile; (iii) an audited balance sheet of the issuer as of a date  
819 within eighteen months, or in the case of a reorganization or merger  
820 where the parties to the reorganization or merger had such audited  
821 balance sheet, a pro forma balance sheet; and (iv) an audited income  
822 statement for each of the issuer's immediately preceding two fiscal  
823 years, or for the period of existence of the issuer, if in existence for less  
824 than two years, or in the case of a reorganization or merger where the  
825 parties to the reorganization or merger had such audited income  
826 statement, a pro forma income statement; and (D) the issuer of the  
827 security has a class of equity securities listed on a national securities  
828 exchange registered under the Securities Exchange Act of 1934, or

829 designated for trading on the National Association of Securities  
830 Dealers Automated Quotation System, unless the issuer, including any  
831 predecessors of the issuer (i) has been engaged in continuous business  
832 for at least three years or (ii) has total assets of at least two million  
833 dollars based on an audited balance sheet of the issuer as of a date  
834 within eighteen months, or in the case of a reorganization or merger  
835 where the parties to the reorganization or merger had such audited  
836 balance sheet, a pro forma balance sheet. The exemption in this  
837 subdivision shall not be available for any distribution of securities  
838 issued by a blank check company, shell company, dormant company  
839 or any issuer that has been merged or consolidated with or has bought  
840 out a blank check company, shell company or dormant company  
841 unless the issuer or any predecessor has continuously operated its  
842 business for at least the preceding five years and has had gross  
843 operating revenue in each of the preceding five years, including gross  
844 operating revenue of at least five hundred thousand dollars per year in  
845 three of the preceding five years; (3) any nonissuer distribution of an  
846 outstanding security if the security has a fixed maturity or a fixed  
847 interest or dividend provision and there has been no default during  
848 the current fiscal year or within the three preceding fiscal years, or  
849 during the existence of the issuer and any predecessors if less than  
850 three years, in the payment of principal, interest or dividends on the  
851 security; (4) any nonissuer transaction effected by or through a  
852 registered broker-dealer pursuant to an unsolicited order or offer to  
853 buy; but the commissioner may by regulation require that the  
854 customer acknowledge upon a specified form that the sale was  
855 unsolicited, and that a signed copy of each such form be preserved by  
856 the broker-dealer for a specified period or that the confirmation  
857 delivered to the purchaser or a memorandum delivered in connection  
858 therewith shall confirm that such purchase was unsolicited by the  
859 broker-dealer or any agent of the broker-dealer; (5) any transaction  
860 between the issuer or other person on whose behalf the offering is  
861 made and an underwriter, or among underwriters; (6) any transaction  
862 in a bond or other evidence of indebtedness secured by a real or chattel

863 mortgage or deed of trust or by an agreement for the sale of real estate  
864 or chattels, if the entire mortgage, deed of trust or agreement, together  
865 with all the bonds or other evidences of indebtedness secured thereby,  
866 is offered and sold as a unit; (7) any transaction by an executor,  
867 administrator, state marshal, marshal, receiver, trustee in bankruptcy,  
868 creditors' committee in a proceeding under the Bankruptcy Act,  
869 guardian or conservator; (8) any transaction executed by a bona fide  
870 pledgee without any purpose of evading sections 36b-2 to [36b-33] 36b-  
871 34, inclusive, as amended by this act; (9) any offer or sale to a bank and  
872 trust company, a national banking association, a savings bank, a  
873 savings and loan association, a federal savings and loan association, a  
874 federal savings bank, a credit union, a federal credit union, trust  
875 company, insurance company, investment company as defined in the  
876 Investment Company Act of 1940, pension or profit-sharing trust, or  
877 other financial institution or institutional buyer, or to a broker-dealer,  
878 whether the purchaser is acting for itself or in some fiduciary capacity;  
879 (10) (A) subject to the provisions of this subdivision, any transaction  
880 not involving a public offering within the meaning of Section 4(2) of  
881 the Securities Act of 1933, but not including any transaction specified  
882 in the rules and regulations thereunder. (B) Subject to the provisions of  
883 this subdivision, any transaction made in accordance with the uniform  
884 exemption from registration for small issuers authorized in Section  
885 19(d)(3)(C) of the Securities Act of 1933. (C) The exemptions set forth in  
886 subparagraphs (A) and (B) of this subdivision shall not be available for  
887 transactions in securities issued by any blank check company, shell  
888 company or dormant company. (D) The exemptions set forth in  
889 subparagraphs (A) and (B) of this subdivision may, with respect to any  
890 security or transaction or any type of security or transaction, be  
891 modified, withdrawn, further conditioned or waived as to conditions,  
892 in whole or in part, conditionally or unconditionally, by the  
893 commissioner, acting by regulation, rule or order, on a finding that  
894 such regulation, rule or order is necessary or appropriate in the public  
895 interest or for the protection of investors. (E) A nonrefundable fee of  
896 one hundred fifty dollars shall accompany any filing made with the

897 commissioner pursuant to this subdivision; (11) any offer or sale of a  
898 preorganization certificate or subscription if (A) no commission or  
899 other remuneration is paid or given directly or indirectly for soliciting  
900 any prospective subscriber, (B) the number of subscribers does not  
901 exceed ten, and (C) no payment is made by any subscriber; (12) any  
902 transaction pursuant to an offer to existing security holders of the  
903 issuer, including persons who at the time of the transaction are holders  
904 of convertible securities, nontransferable warrants or transferable  
905 warrants exercisable within not more than ninety days of their  
906 issuance, if (A) no commission or other remuneration other than a  
907 standby commission is paid or given directly or indirectly for soliciting  
908 any security holder in this state, or (B) the issuer first files a notice, in  
909 such form and containing such information as the commissioner may  
910 by regulation prescribe, specifying the terms of the offer and the  
911 commissioner does not by order disallow the exemption within the  
912 next ten full business days; (13) any offer, but not a sale, of a security  
913 for which registration statements have been filed under both sections  
914 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, and the  
915 Securities Act of 1933, if no stop order or refusal order is in effect and  
916 no public proceeding or examination looking toward such an order is  
917 pending under either said sections or the Securities Act of 1933; (14)  
918 any transaction exempt under Section 4(6) of the Securities Act of 1933,  
919 and the rules and regulations thereunder. The issuer shall, prior to the  
920 first sale, file with the commissioner a notice, in such form and  
921 containing such information as the commissioner may by regulation,  
922 rule or order prescribe. A nonrefundable fee of one hundred fifty  
923 dollars shall accompany any such filing made pursuant to this  
924 subdivision; (15) any transaction if all the following conditions are  
925 satisfied: (A) The offer and sale is effectuated by the issuer of the  
926 security; (B) the total number of purchasers of all securities of the  
927 issuer does not exceed ten. A subsequent sale of securities that (i) is  
928 registered under sections 36b-2 to [36b-33] 36b-34, inclusive, as  
929 amended by this act, (ii) is sold pursuant to an exemption under said  
930 sections other than this subdivision, or (iii) involves covered securities,

931 shall not be integrated with a sale pursuant to this exemption in  
932 computing the number of purchasers hereunder. For the purpose of  
933 this subdivision, each of the following is deemed to be a single  
934 purchaser of a security: A husband and wife, a child and the parent or  
935 guardian of such child when the parent or guardian holds the security  
936 for the benefit of the child, a corporation, a partnership, an association  
937 or other unincorporated entity, a joint stock company or a trust, but  
938 only if the corporation, partnership, association, unincorporated entity,  
939 joint stock company or trust was not formed for the purpose of  
940 purchasing the security; (C) no advertisement, article, notice or other  
941 communication published in any newspaper, magazine or similar  
942 medium, broadcast over television or radio or communicated by other  
943 electronic means or any other general solicitation is used in connection  
944 with the sale; and (D) no commission, discount or other remuneration  
945 is paid or given directly or indirectly in connection with the offer and  
946 sale, and the total expenses, excluding legal and accounting fees, in  
947 connection with the offer and sale do not exceed one per cent of the  
948 total sales price of the securities. For purposes of this subdivision, a  
949 difference in the purchase price among the purchasers shall not, in and  
950 of itself, be deemed to constitute indirect remuneration; (16) any  
951 transaction exempt under Rule 701, 17 CFR Section 230.701  
952 promulgated under Section 3(b) of the Securities Act of 1933; and (17)  
953 any other transaction that the commissioner may exempt,  
954 conditionally or unconditionally, on a finding that registration is not  
955 necessary or appropriate in the public interest or for the protection of  
956 investors.

957 Sec. 16. Subsection (g) of section 36b-21 of the general statutes is  
958 repealed and the following is substituted in lieu thereof (*Effective from*  
959 *passage*):

960 (g) In any proceeding under sections 36b-2 to [36b-33] 36b-34,  
961 inclusive, as amended by this act, the burden of proving an exemption,  
962 preemption, exclusion or an exception from a definition is upon the  
963 person claiming it.

964 Sec. 17. Section 36b-22 of the general statutes is repealed and the  
965 following is substituted in lieu thereof (*Effective from passage*):

966 The commissioner may, by regulation adopted, in accordance with  
967 chapter 54, or order, require the filing of any prospectus, pamphlet,  
968 circular, form letter, advertisement or other sales literature or  
969 advertising communication addressed or intended for distribution to  
970 prospective investors, including clients or prospective clients of an  
971 investment adviser registered or required to be registered under  
972 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act,  
973 unless the security or transaction is (1) exempted by subsection (a) or  
974 (b) of section 36b-21, as amended by this act, except for transactions  
975 exempted by subdivision (13) of subsection (b) of said section 36b-21,  
976 as amended by this act, or (2) a covered security.

977 Sec. 18. Section 36b-23 of the general statutes is repealed and the  
978 following is substituted in lieu thereof (*Effective from passage*):

979 No person shall make or cause to be made orally or in any  
980 document filed with the commissioner or in any proceeding,  
981 investigation or examination under sections 36b-2 to [36b-33] 36b-34,  
982 inclusive, as amended by this act, any statement that is, at the time and  
983 in the light of the circumstances under which it is made, false or  
984 misleading in any material respect or, in connection with the  
985 statement, omit to state a material fact necessary to make the statement  
986 made, in the light of the circumstances under which it was made, not  
987 false or misleading.

988 Sec. 19. Subsection (a) of section 36b-24 of the general statutes is  
989 repealed and the following is substituted in lieu thereof (*Effective from*  
990 *passage*):

991 (a) Neither (1) the fact that an application for registration under  
992 sections 36b-6 to 36b-15, inclusive, as amended by this act, or a  
993 registration statement under sections 36b-16 to 36b-20, inclusive, as  
994 amended by this act, has been filed, nor (2) the fact that a person or

995 security is effectively registered constitutes a finding by the  
996 commissioner that any document filed under sections 36b-2 to [36b-33]  
997 36b-34, inclusive, as amended by this act, is true, complete and not  
998 misleading. Neither any such fact nor the fact that an exemption or  
999 exception is available for security or a transaction means that the  
1000 commissioner has passed in any way upon the merits or qualifications  
1001 of, or recommended or given approval to, any person, security or  
1002 transaction.

1003 Sec. 20. Section 36b-25 of the general statutes is repealed and the  
1004 following is substituted in lieu thereof (*Effective from passage*):

1005 (a) Sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this  
1006 act, shall be administered by the commissioner.

1007 (b) Neither the commissioner nor any of his officers or employees  
1008 shall use for personal benefit any information which is filed with or  
1009 obtained by the commissioner and which is not made public. No  
1010 provision of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
1011 this act, authorizes the commissioner or any of his officers or  
1012 employees to disclose any such information except among themselves  
1013 or when necessary or appropriate in a proceeding or investigation  
1014 under said sections. No provision of said sections either creates or  
1015 derogates from any privilege which exists at common law or otherwise  
1016 when documentary or other evidence is sought under a subpoena  
1017 directed to the commissioner or any of his officers or employees.

1018 Sec. 21. Subsections (a) and (b) of section 36b-26 of the general  
1019 statutes are repealed and the following is substituted in lieu thereof  
1020 (*Effective from passage*):

1021 (a) The commissioner may, subject to the provisions of the Freedom  
1022 of Information Act, as defined in section 1-200: (1) Make such public or  
1023 private investigations within or outside of this state as the  
1024 commissioner deems necessary to determine whether any person has  
1025 violated, is violating or is about to violate any provision of sections

1026 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, or any  
1027 regulation or order thereunder, or to aid in the enforcement of said  
1028 sections or in the prescribing of rules and forms thereunder, (2) require  
1029 or permit any person to testify, produce a record or file a statement in  
1030 writing, under oath or otherwise as the commissioner determines, as to  
1031 all the facts and circumstances concerning the matter to be investigated  
1032 or about which an action or proceeding is to be instituted, and (3)  
1033 publish information concerning any violation of said sections or any  
1034 regulation or order thereunder.

1035 (b) For the purpose of any investigation or proceeding under  
1036 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, the  
1037 commissioner or any officer designated by him may administer oaths  
1038 and affirmations, subpoena witnesses, compel their attendance, take  
1039 evidence, and require the production of any books, papers,  
1040 correspondence, memoranda, agreements, or other documents or  
1041 records which the commissioner deems relevant or material to the  
1042 inquiry. The commissioner may also issue subpoenas and subpoenas  
1043 duces tecum in this state at the request of another state if the activities  
1044 concerning which the information is sought would constitute a basis  
1045 for an investigation or proceeding under said sections had such  
1046 activities occurred in this state.

1047 Sec. 22. Section 36b-27 of the 2010 supplement to the general statutes  
1048 is repealed and the following is substituted in lieu thereof (*Effective*  
1049 *from passage*):

1050 (a) Whenever it appears to the commissioner after an investigation  
1051 that any person has violated, is violating or is about to violate any of  
1052 the provisions of sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1053 amended by this act, or any regulation, rule or order adopted or issued  
1054 under said sections, or that the further sale or offer to sell securities  
1055 would constitute a violation of said sections or any such regulation,  
1056 rule or order, or that any person has engaged in a dishonest or  
1057 unethical practice in the securities or commodities business within the

1058 meaning of sections 36b-31-15a to 36b-31-15d, inclusive, of the  
1059 regulations of Connecticut state agencies, the commissioner may, in  
1060 the commissioner's discretion, order (1) the person, (2) any other  
1061 person that directly or indirectly controls such person and that is, was  
1062 or would be a cause of the violation of such sections or any such  
1063 regulation, rule or order, due to an act or omission such other person  
1064 knew or should have known would contribute to such violation, or (3)  
1065 any other person that has materially aided, is materially aiding or is  
1066 about to materially aid in such violation, to cease and desist from the  
1067 violations or the causing of or aiding in the violations of the provisions  
1068 of said sections or of the regulations, rules or orders thereunder, or  
1069 from the further sale or offer to sell securities constituting or which  
1070 would constitute a violation of the provisions of said sections or of the  
1071 regulations, rules or orders thereunder, or from further engaging in  
1072 such dishonest or unethical practice and to take or refrain from taking  
1073 such action that in the opinion of the commissioner will effectuate the  
1074 purposes of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
1075 this act. After such an order is issued, the person named in the order  
1076 may, within fourteen days after receipt of the order, file a written  
1077 request for a hearing. Any such hearing shall be held in accordance  
1078 with the provisions of chapter 54.

1079 (b) Whenever it appears to the commissioner, after an investigation,  
1080 that any person has violated any of the provisions of sections 36b-2 to  
1081 [36b-33] 36b-34, inclusive, as amended by this act, or any regulation,  
1082 rule or order adopted or issued under said sections, or that the further  
1083 sale or offer to sell securities would constitute a violation of said  
1084 sections or any such regulation, rule or order, or that such person has  
1085 engaged in a dishonest or unethical practice in the securities or  
1086 commodities business within the meaning of sections 36b-31-15a to  
1087 36b-31-15d, inclusive, of the regulations of Connecticut state agencies,  
1088 the commissioner may, in addition to any other remedy under this  
1089 section, order the person to (1) make restitution of any sums shown to  
1090 have been obtained in violation of any of the provisions of said  
1091 sections or any such regulation, rule or order or as a result of such

1092 dishonest or unethical practice plus interest at the legal rate set forth in  
1093 section 37-1, (2) provide disgorgement of any sums shown to have  
1094 been obtained in violation of any of the provisions of said sections or  
1095 any such regulation, rule or order or as a result of such dishonest or  
1096 unethical practice, or (3) both make restitution and provide  
1097 disgorgement. After such an order is issued, the person named in the  
1098 order may, not later than fourteen days after receipt of the order, file a  
1099 written request for a hearing. Any such hearing shall be held in  
1100 accordance with the provisions of chapter 54.

1101 (c) The commissioner, in the commissioner's discretion, may order  
1102 any person who directly or indirectly controls a person liable under  
1103 subsection (b) of this section or who has materially aided a person  
1104 liable under subsection (b) of this section in violation of any of the  
1105 provisions of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended  
1106 by this act, or any regulation, rule or order adopted or issued under  
1107 said sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this  
1108 act, to make restitution, provide disgorgement, or both, of any sums  
1109 shown to have been obtained as a result of a dishonest or unethical  
1110 practice or in violation of any of the provisions of said sections 36b-2 to  
1111 [36b-33] 36b-34, inclusive, as amended by this act, or any regulation,  
1112 rule or order adopted or issued under said sections. Such controlling  
1113 person or aider shall be liable jointly and severally with and to the  
1114 same extent as the person liable under subsection (b) of this section,  
1115 unless such controlling person or aider allegedly liable under this  
1116 subsection sustains the burden of proof that such person did not know,  
1117 and in the exercise of reasonable care could not have known, of the  
1118 existence of facts by reason of which the liability is alleged to exist.  
1119 After such an order is issued, the person named in the order may,  
1120 within fourteen days after receipt of the order, file a written request for  
1121 a hearing. Any such hearing shall be held in accordance with the  
1122 provisions of chapter 54. There shall be contribution as in cases of  
1123 contract among the several persons so liable.

1124 (d) (1) Whenever the commissioner finds as the result of an

1125 investigation that any person has violated any of the provisions of  
1126 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, or  
1127 any regulation, rule or order adopted or issued under said sections, the  
1128 commissioner may send a notice to (A) such person, (B) any other  
1129 person that directly or indirectly controls such person and that was a  
1130 cause of the violation of said sections or any such regulation, rule or  
1131 order, due to an act or omission such other person knew or should  
1132 have known would contribute to such violation, or (C) any other  
1133 person that has materially aided in such violation, by registered or  
1134 certified mail, return receipt requested, or by any express delivery  
1135 carrier that provides a dated delivery receipt. The notice shall be  
1136 deemed received by the person on the earlier of the date of actual  
1137 receipt or the date seven days after the date on which such notice was  
1138 mailed or sent. Any such notice shall include: (i) A reference to the  
1139 title, chapter, regulation, rule or order alleged to have been violated;  
1140 (ii) a short and plain statement of the matter asserted or charged; (iii)  
1141 the maximum fine that may be imposed for such violation; (iv) a  
1142 statement indicating that such person may file a written request for a  
1143 hearing on the matters asserted not later than fourteen days after  
1144 receipt of the notice; and (v) the time and place for the hearing.

1145 (2) If a hearing is requested within the time specified in the notice,  
1146 the commissioner shall hold a hearing upon the charges made unless  
1147 such person fails to appear at the hearing. Any such hearing shall be  
1148 held in accordance with the provisions of chapter 54. After the hearing  
1149 if the commissioner finds that the person has violated, caused a  
1150 violation or materially aided in the violation of any of the provisions of  
1151 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, or  
1152 any regulation, rule or order adopted or issued under said sections, the  
1153 commissioner may, in the commissioner's discretion and in addition to  
1154 any other remedy authorized by said sections, order that a fine not  
1155 exceeding one hundred thousand dollars per violation be imposed  
1156 upon such person. If such person fails to appear at the hearing, the  
1157 commissioner may, as the facts require, order that a fine not exceeding  
1158 one hundred thousand dollars per violation be imposed upon such

1159 person. The commissioner shall send a copy of any order issued  
1160 pursuant to this subsection by registered or certified mail, return  
1161 receipt requested, or by any express delivery carrier that provides a  
1162 dated delivery receipt, to any person named in such order.

1163 (e) Whenever it appears to the commissioner that any person has  
1164 violated, is violating or is about to violate any of the provisions of  
1165 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, or  
1166 any regulation, rule or order adopted or issued under said sections, or  
1167 that the further sale or offer to sell securities would constitute a  
1168 violation of said sections or any such regulation, rule or order, the  
1169 commissioner may, in the commissioner's discretion and in addition to  
1170 any other remedy authorized by this section, bring an action in the  
1171 superior court for the judicial district of Hartford to: (1) Enjoin the acts  
1172 or practices and to enforce compliance with sections 36b-2 to [36b-33]  
1173 36b-34, inclusive, as amended by this act, or any such regulation, rule  
1174 or order against (A) such person; (B) any other person who directly or  
1175 indirectly controls such person and who is, was or would be a cause of  
1176 the violation of said sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1177 amended by this act, or any such regulation, rule or order due to an act  
1178 or omission such other person knew or should have known would  
1179 contribute to such violation; or (C) any other person who has  
1180 materially aided, is materially aiding or is about to materially aid in  
1181 such violation. Upon a proper showing, the court may issue a  
1182 permanent or temporary injunction, restraining order or writ of  
1183 mandamus and may order other appropriate or ancillary relief, which  
1184 may include: (i) An asset freeze, accounting, writ of attachment, writ of  
1185 general or specific execution, and appointment of a receiver or  
1186 conservator, who may be the commissioner or a person recommended  
1187 by the commissioner, for the defendant or the defendant's assets. If a  
1188 person other than the commissioner is appointed receiver or  
1189 conservator, the commissioner shall be a party to the receivership  
1190 proceeding or conservatorship with standing to initiate or contest any  
1191 motion, and the views of the commissioner shall be entitled to  
1192 deference unless they are inconsistent with the plain meaning of

1193 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act. The  
1194 commissioner may appoint such employees and retain such  
1195 consultants as the commissioner deems necessary for liquidating or  
1196 administering the affairs of the defendant; (ii) an order directing the  
1197 commissioner to take charge and control of a defendant's property,  
1198 including investment accounts and accounts in a depository  
1199 institution, rents, and profits; to collect debts; and to acquire and  
1200 dispose of property; (iii) an order directing the payment of  
1201 prejudgment and postjudgment interest; or (iv) an order covering such  
1202 other relief as the court considers appropriate. The court shall not  
1203 require the commissioner to post a bond; (2) seek a court order  
1204 imposing a fine not to exceed one hundred thousand dollars per  
1205 violation against the person found to have violated, caused a violation  
1206 or materially aided in the violation of any provision of sections 36b-2  
1207 to [36b-33] 36b-34, inclusive, as amended by this act, or any regulation,  
1208 rule or order adopted or issued under said sections 36b-2 to [36b-33]  
1209 36b-34, inclusive, as amended by this act; (3) apply for an order  
1210 whereby the person that violated any of the provisions of said sections  
1211 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, or any  
1212 regulation, rule or order adopted or issued under said sections shall be  
1213 ordered to: (A) Make restitution of those sums shown by the  
1214 commissioner to have been obtained by such person in violation of any  
1215 of the provisions of said sections or any such regulation, rule or order,  
1216 plus interest at the rate set forth in section 37-3a; (B) provide  
1217 disgorgement of any sums shown to have been obtained in violation of  
1218 any of the provisions of said sections or any such regulation, rule or  
1219 order; (C) both make restitution and provide disgorgement; or (4)  
1220 apply for an order whereby any person who directly or indirectly  
1221 controls a person liable under subdivision (3) of this subsection, or  
1222 who has materially aided a person liable under subdivision (3) of this  
1223 subsection in a violation of any of the provisions of sections 36b-2 to  
1224 [36b-33] 36b-34, inclusive, as amended by this act, or any regulation,  
1225 rule or order adopted or issued under said sections, to make  
1226 restitution, provide disgorgement, or both, of any sums shown to have

1227 been obtained as a result of such violation. Such controlling person or  
1228 aider shall be liable jointly and severally with and to the same extent as  
1229 the person liable under subdivision (3) of this subsection, unless such  
1230 controlling person or aider allegedly liable under this subdivision  
1231 sustains the burden of proof that such person did not know, and in the  
1232 exercise of reasonable care could not have known, of the existence of  
1233 facts by reason of which the liability is alleged to exist. Such restitution  
1234 or disgorgement shall, at the option of the court, be payable to the  
1235 receiver or conservator appointed pursuant to this subsection, or  
1236 directly to the persons whose assets were obtained in violation of any  
1237 provision of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by  
1238 this act, or any such regulation, rule or order.

1239 (f) Any time after the issuance of an order or notice provided for in  
1240 subsection (a), (b) or (c) or subdivision (1) of subsection (d) of this  
1241 section, the commissioner may accept an agreement by any respondent  
1242 named in such order or notice to enter into a written consent order in  
1243 lieu of an adjudicative hearing. The acceptance of a consent order shall  
1244 be within the complete discretion of the commissioner. The consent  
1245 order provided for in this subsection shall contain (1) an express  
1246 waiver of the right to seek judicial review or otherwise challenge or  
1247 contest the validity of the order or notice; (2) a provision that the order  
1248 or notice may be used in construing the terms of the consent order; (3)  
1249 a statement that the consent order shall become final when issued; (4) a  
1250 specific assurance that none of the violations alleged in the order or  
1251 notice shall occur in the future; (5) such other terms and conditions as  
1252 are necessary to further the purposes and policies of sections 36b-2 to  
1253 [36b-33] 36b-34, inclusive, as amended by this act; (6) the signature of  
1254 each of the individual respondents evidencing such respondent's  
1255 consent; and (7) the signature of the commissioner or of the  
1256 commissioner's authorized representative.

1257 Sec. 23. Subsections (b) and (c) of section 36b-28 of the general  
1258 statutes are repealed and the following is substituted in lieu thereof  
1259 (*Effective from passage*):

1260 (b) Any person who wilfully violates any other provision of sections  
1261 36b-2 to [36b-33] ~~36b-34~~, inclusive, as amended by this act, shall be  
1262 fined not more than two thousand dollars or imprisoned for not more  
1263 than two years, or both.

1264 (c) No information may be returned under sections 36b-2 to [36b-33]  
1265 ~~36b-34~~, inclusive, as amended by this act, more than five years after the  
1266 alleged violation.

1267 Sec. 24. Subsection (e) of section 36b-29 of the general statutes is  
1268 repealed and the following is substituted in lieu thereof (*Effective from*  
1269 *passage*):

1270 (e) Every cause of action under sections 36b-2 to [36b-33] ~~36b-34~~,  
1271 inclusive, as amended by this act, survives the death of any person  
1272 who might have been a plaintiff or defendant.

1273 Sec. 25. Subsections (h) to (j), inclusive, of section 36b-29 of the  
1274 general statutes are repealed and the following is substituted in lieu  
1275 thereof (*Effective from passage*):

1276 (h) No person who has made or engaged in the performance of any  
1277 contract in violation of any provision of sections 36b-2 to [36b-33] ~~36b-~~  
1278 ~~34~~, inclusive, as amended by this act, or any regulation or order  
1279 thereunder, or who has acquired any purported right under any such  
1280 contract with knowledge of the facts by reason of which its making or  
1281 performance was in violation, may base any cause of action on the  
1282 contract.

1283 (i) Any condition, stipulation or provision binding any person  
1284 acquiring any security or receiving investment advice to waive  
1285 compliance with any provision of sections 36b-2 to [36b-33] ~~36b-34~~,  
1286 inclusive, as amended by this act, or any regulation or order  
1287 thereunder is void.

1288 (j) The rights and remedies provided by sections 36b-2 to [36b-33]  
1289 ~~36b-34~~, inclusive, as amended by this act, are in addition to any other

1290 rights or remedies that may exist at law or in equity.

1291 Sec. 26. Section 36b-31 of the general statutes is repealed and the  
1292 following is substituted in lieu thereof (*Effective from passage*):

1293 (a) The commissioner may from time to time make, amend and  
1294 rescind such regulations, forms and orders as are necessary to carry  
1295 out the provisions of sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1296 amended by this act, including regulations, forms and orders  
1297 governing registration statements, notice filings, applications, and  
1298 reports, and defining any terms, whether or not used in said sections,  
1299 insofar as the definitions are not inconsistent with the provisions of  
1300 said sections. For the purpose of regulations, forms and orders, the  
1301 commissioner may classify securities, persons and matters within his  
1302 or her jurisdiction, and prescribe different requirements for different  
1303 classes.

1304 (b) No regulation, form or order may be made, amended or  
1305 rescinded unless the commissioner finds that the action is necessary or  
1306 appropriate in the public interest or for the protection of investors and  
1307 consistent with the purposes fairly intended by the policy and  
1308 provisions of sections 36b-2 to [36b-33] 36b-34, inclusive, as amended  
1309 by this act. In prescribing regulations, forms and orders, the  
1310 commissioner may cooperate with the securities administrators of the  
1311 other states and the Securities and Exchange Commission with a view  
1312 to effectuating the policy of said sections to achieve maximum  
1313 uniformity in the form and content of registration statements, notice  
1314 filings, applications and reports wherever practicable.

1315 (c) To encourage uniform interpretation and administration of  
1316 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, and  
1317 effective securities regulation and enforcement, the commissioner may  
1318 cooperate with the securities agencies or administrators of other states,  
1319 Canadian provinces or territories, or other countries, the Securities and  
1320 Exchange Commission, the Commodity Futures Trading Commission,  
1321 the Securities Investor Protection Corporation, any self-regulatory

1322 organization, any national or international organization of securities  
1323 officials or agencies, and any governmental law enforcement or  
1324 regulatory agency. The cooperation authorized by this subsection  
1325 includes, but is not limited to, the following actions: (1) Establishing  
1326 central depositories for the registration of securities or securities  
1327 industry personnel under sections 36b-2 to [36b-33] 36b-34, inclusive,  
1328 as amended by this act, and for documents or records required or  
1329 allowed to be filed with or maintained by the commissioner under  
1330 sections 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act; (2)  
1331 conducting joint examinations and investigations; (3) sharing and  
1332 exchanging information and documents subject to the restrictions of  
1333 chapter 3; (4) sharing and exchanging personnel; and (5) executing  
1334 joint agreements, memoranda of understanding and orders.

1335 (d) Subject to Section 15(h) of the Securities Exchange Act of 1934  
1336 and Section 222 of the Investment Advisers Act of 1940, the  
1337 commissioner may, by regulation or order, prescribe: (1) The form and  
1338 content of financial statements required under sections 36b-2 to  
1339 [36b-33] 36b-34, inclusive, as amended by this act; (2) the  
1340 circumstances under which consolidated financial statements shall be  
1341 filed; and (3) whether any required financial statements shall be  
1342 certified by independent certified public accountants. All financial  
1343 statements shall be prepared in accordance with generally accepted  
1344 accounting principles.

1345 (e) Any regulations issued pursuant to the provisions of sections  
1346 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act, shall be  
1347 adopted in accordance with the provisions of chapter 54.

1348 (f) The commissioner, or employees of the Department of Banking  
1349 authorized by the commissioner, may, whether or not requested by  
1350 any person, issue declaratory rulings pursuant to section 4-176 or  
1351 written advisory interpretations of sections 36b-2 to [36b-33] 36b-34,  
1352 inclusive, as amended by this act, including interpretation of the  
1353 applicability of any provision of said sections, or may issue

1354 determinations that the commissioner will not institute a proceeding  
1355 or an action under sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1356 amended by this act, against a specified person for engaging in a  
1357 specified act, practice or course of business if the determination is  
1358 consistent with the purposes fairly intended by the policy and  
1359 provisions of said sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1360 amended by this act.

1361 (g) Every hearing in an administrative proceeding shall be public.

1362 (h) No provision of sections 36b-2 to [36b-33] 36b-34, inclusive, as  
1363 amended by this act, imposing any liability applies to any act done or  
1364 omitted in good faith in conformity with any regulation, form, order,  
1365 advisory interpretation or no action determination of the  
1366 commissioner, notwithstanding that the regulation, form, order,  
1367 advisory interpretation or no action determination may later be  
1368 amended or rescinded or be determined by judicial or other authority  
1369 to be invalid for any reason.

1370 Sec. 27. Subsection (b) of section 36b-32 of the general statutes is  
1371 repealed and the following is substituted in lieu thereof (*Effective from*  
1372 *passage*):

1373 (b) The commissioner shall keep a register of all applications for  
1374 registration and registration statements which are or have ever been  
1375 effective under sections 36b-2 to [36b-33] 36b-34, inclusive, as amended  
1376 by this act, and all denial, suspension or revocation orders which have  
1377 ever been entered under said sections. Such register shall be open for  
1378 public inspection.

1379 Sec. 28. Subsection (d) of section 36b-32 of the general statutes is  
1380 repealed and the following is substituted in lieu thereof (*Effective from*  
1381 *passage*):

1382 (d) Upon request and at such charges as provided for in the  
1383 Freedom of Information Act, as defined in section 1-200, the

1384 commissioner shall furnish to any person photostatic or other copies,  
1385 certified under the commissioner's seal of office if requested, of any  
1386 entry in the register or any document which is a matter of public  
1387 record or a certification that such public record does not exist. In any  
1388 proceeding or prosecution under sections 36b-2 to [36b-33] 36b-34,  
1389 inclusive, as amended by this act, any copy so certified is prima facie  
1390 evidence of the contents of the entry or document certified and a  
1391 certificate by the commissioner of a record's nonexistence is prima  
1392 facie evidence of the nonexistence of such record.

1393 Sec. 29. Subsection (b) of section 36b-32a of the general statutes is  
1394 repealed and the following is substituted in lieu thereof (*Effective from*  
1395 *passage*):

1396 (b) The Philanthropy Protection Act of 1995, Public Law 104-62,  
1397 shall not apply in any administrative or judicial action as a defense to  
1398 any claim that any person, security, interest, or participation of the  
1399 type described in said act and the amendments made by said act is  
1400 subject to the provisions of sections 36b-2 to [36b-33] 36b-34, inclusive,  
1401 as amended by this act.

1402 Sec. 30. Subsections (g) and (h) of section 36b-33 of the general  
1403 statutes are repealed and the following is substituted in lieu thereof  
1404 (*Effective from passage*):

1405 (g) Every applicant for registration under sections 36b-2 to [36b-33]  
1406 36b-34, inclusive, as amended by this act, every investment adviser  
1407 exempt under subsection (e) of section 36b-6, and every issuer, other  
1408 than the United States, any state, Canada, any other foreign  
1409 government with which the United States currently maintains  
1410 diplomatic relations, or any issuer of covered securities under Section  
1411 18(b)(1) of the Securities Act of 1933, which proposes to offer a security  
1412 in this state through any person acting on an agency basis in the  
1413 common-law sense shall file with the commissioner, in such form as  
1414 the commissioner by regulation prescribes, an irrevocable consent  
1415 appointing the commissioner or the commissioner's successor in office

1416 to be his or her attorney to receive service of any lawful process in any  
1417 noncriminal suit, action, or proceeding against him or her or his or her  
1418 successor executor or administrator which arises under sections 36b-2  
1419 to [36b-33] 36b-34, inclusive, as amended by this act, or any regulation  
1420 or order thereunder after the consent has been filed, with the same  
1421 force and validity as if served personally on the person filing the  
1422 consent. A person who has filed such a consent in connection with a  
1423 previous registration need not file another. Service may be made by  
1424 leaving a copy of the process in the office of the commissioner, but it is  
1425 not effective unless (1) the plaintiff, who may be the commissioner in a  
1426 suit, action, or proceeding instituted by the commissioner, forthwith  
1427 sends notice of the service and a copy of the process by registered mail,  
1428 return receipt requested, or by any express delivery carrier that  
1429 provides a dated delivery receipt, to the defendant or respondent at  
1430 the defendant's or respondent's last address on file with the  
1431 commissioner, and (2) the plaintiff's affidavit of compliance with this  
1432 subsection is filed in the case on or before the return day of the  
1433 process, if any, or within such further time as the court allows.

1434 (h) When any person, including any nonresident of this state,  
1435 engages in conduct prohibited or made actionable by sections 36b-2 to  
1436 [36b-33] 36b-34, inclusive, as amended by this act, or any regulation or  
1437 order thereunder, and such person has not filed a consent to service of  
1438 process under subsection (g) of this section and personal jurisdiction  
1439 over such person cannot otherwise be obtained in this state, that  
1440 conduct shall be considered equivalent to such person's appointment  
1441 of the commissioner or the commissioner's successor in office to be  
1442 such person's attorney to receive service of any lawful process in any  
1443 noncriminal suit, action, or proceeding against such person or such  
1444 person's successor executor or administrator which grows out of that  
1445 conduct and which is brought under said sections or any regulation or  
1446 order thereunder, with the same force and validity as if served on such  
1447 person personally. Service may be made by leaving a copy of the  
1448 process in the office of the commissioner, and it is not effective unless  
1449 (1) the plaintiff, who may be the commissioner in a suit, action, or

1450 proceeding instituted by the commissioner, forthwith sends notice of  
 1451 the service and a copy of the process by registered mail, return receipt  
 1452 requested, or by any express delivery carrier that provides a dated  
 1453 delivery receipt, to the defendant or respondent at the defendant's or  
 1454 respondent's last known address or takes other steps which are  
 1455 reasonably calculated to give actual notice, and (2) the plaintiff's  
 1456 affidavit of compliance with this subsection is filed in the case on or  
 1457 before the return day of the process, if any, or within such further time  
 1458 as the court allows.

1459 Sec. 31. Subsection (b) of section 20-329bb of the general statutes is  
 1460 repealed and the following is substituted in lieu thereof (*Effective from*  
 1461 *passage*):

1462 (b) Any real property securities dealer who is required to be  
 1463 licensed and to obtain a permit under the provisions of said sections  
 1464 shall be exempt from the provisions of sections 36a-380 to 36a-386,  
 1465 inclusive, 36a-395 to 36a-399, inclusive, 36a-535 to 36a-546, inclusive,  
 1466 and 36b-2 to [36b-33] 36b-34, inclusive, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36b-1
Sec. 2	<i>from passage</i>	36b-2
Sec. 3	<i>from passage</i>	36b-3
Sec. 4	<i>from passage</i>	36b-5(b) and (c)
Sec. 5	<i>from passage</i>	36b-6(a) to (c)
Sec. 6	<i>from passage</i>	36b-6(i)
Sec. 7	<i>from passage</i>	36b-10
Sec. 8	<i>from passage</i>	36b-11
Sec. 9	<i>from passage</i>	36b-14(c)
Sec. 10	<i>from passage</i>	36b-15
Sec. 11	<i>from passage</i>	36b-16
Sec. 12	<i>from passage</i>	36b-19(c) and (d)
Sec. 13	<i>from passage</i>	36b-19(k)
Sec. 14	<i>from passage</i>	36b-20(a)
Sec. 15	<i>from passage</i>	36b-21(b)

Sec. 16	<i>from passage</i>	36b-21(g)
Sec. 17	<i>from passage</i>	36b-22
Sec. 18	<i>from passage</i>	36b-23
Sec. 19	<i>from passage</i>	36b-24(a)
Sec. 20	<i>from passage</i>	36b-25
Sec. 21	<i>from passage</i>	36b-26(a) and (b)
Sec. 22	<i>from passage</i>	36b-27
Sec. 23	<i>from passage</i>	36b-28(b) and (c)
Sec. 24	<i>from passage</i>	36b-29(e)
Sec. 25	<i>from passage</i>	36b-29(h) to (j)
Sec. 26	<i>from passage</i>	36b-31
Sec. 27	<i>from passage</i>	36b-32(b)
Sec. 28	<i>from passage</i>	36b-32(d)
Sec. 29	<i>from passage</i>	36b-32a(b)
Sec. 30	<i>from passage</i>	36b-33(g) and (h)
Sec. 31	<i>from passage</i>	20-329bb(b)

**Statement of Purpose:**

To reflect the addition of section 36b-34 to the general statutes by P.A. 03-259 by substituting "sections 36b-2 to 36b-33, inclusive" with "sections 36b-2 to 36b-34, inclusive" wherever that phrase appears in the general statutes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*