Document Name	**DOB – AAC Modernization of Certain banking Statutes**

Legislative Liaison	Matt Smith (860) 240-8105 Matthew.smith@ct.gov
Division Requesting This Proposal	Financial Institutions
Drafter	Hannah Ahern Hannah.ahern@ct.gov

Title of Proposal	Financial Institutions Statutory Amendments
Statutory Reference, if any	Connecticut General Statutes Sections 36a-65(d)(1)(H); 36a-70(h)(2)(A); 36a-70(u)(1); 36a-81(b)(4); and 36a-82(c); 36a-223(b).
Brief Summary and Statement of Purpose	This proposal modernizes various statutes, including provisions related to the Innovation Bank charter.
How does this proposal relate to the agency's mission?	This proposal furthers the Department's mission to reduce the regulatory burden on regulated institutions and expedites the regulatory process where appropriate. This proposal also furthers the Department's mission to modernize the banking statutes related to Innovation Banks.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 1: increases application fee for Connecticut bank applications; Section 2: removes a factor used to assess a de novo bank application that does not apply to Innovation Banks; Section 3: increases asset pledge for Connecticut bank applicants; Section 4: removes a consideration for granting approval for a bank relocation; Section 5: decreases the period allotted for written objections in response to a notice of a bank's proposed name change; and Section 6: removes language from the receivership statutes that refers to the physical location of a bank.

BACKGROUND

Origin of Proposal [X] New Proposal [ ] Resubmission

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Not to our knowledge.
Has this proposal or a similar proposal been	Not to our knowledge.

implemented in other states? If yes, to what result?	
Have certain constituencies called for this proposal?	Not to our knowledge.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[X] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Subsection (d)(1)(H) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(H) Organization of any Connecticut bank under section 36a-70, including the conditional preliminary approval for an expedited bank, **[**fifteen**]** twenty thousand dollars, except no fee shall be required for the organization of an interim Connecticut bank.

Section 2. Subsection (h)(2)(A) of section 36a-70 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(h) (1) The application shall be approved if the approving authority determines that: (A) The interest of the public will be served to advantage by the establishment of the proposed Connecticut bank; (B) the proposed bank shows reasonable promise of successful operation; and (C) the proposed directors and officers possess the capacity, character and experience for the duties and responsibilities with which they will be charged.

(2) In determining whether the public will be served to advantage under subdivision (1) of this subsection, the approving authority shall consider the following factors in light of the proposed business plan of the proposed Connecticut bank: **[**(A) The population of the area to be served by the proposed Connecticut bank;**]** **[**(B)**]** (A) **[**t**]**The competitive effect of the proposed Connecticut bank on the availability and quality of services in the market area to be served; **[**(C)**]** (B) the likely impact of the proposed Connecticut bank on other financial institutions in the market area to be served; and **[**(D)**]** (C) the convenience and needs of the market area to be served.

Section 3. Subsection (u)(1) of section 36a-70 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(u) (1) Each trust bank and uninsured bank shall keep assets on deposit in the amount of at least one million five hundred thousand dollars with such banks as the commissioner may approve, provided a trust bank or uninsured bank that received its final certificate of authority prior to May 12, 2004, shall keep assets on deposit as follows: At least two hundred fifty thousand dollars no later than one year from May 12, 2004, at least five hundred thousand dollars no later than two years from said date, at least seven hundred fifty thousand dollars no later than three years from said date and at least one million five hundred thousand dollars no later than four years from said date. No trust bank or uninsured bank shall make a deposit pursuant to this section until the bank at which the assets are to be deposited and the trust bank or uninsured bank shall have executed a deposit agreement satisfactory to the commissioner. The value of such assets shall be based upon the principal amount or market value, whichever is lower. If the commissioner determines that an asset that otherwise qualifies under this section shall be valued at less than the amount otherwise provided in this subdivision, the commissioner shall so notify the trust bank or uninsured bank, which shall thereafter value such asset as directed by the commissioner.

Section 4. Subsection (a)(b) of section 36a-81 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(b) The commissioner, before granting an approval under subsection (a) of this section, shall consider: (1) The population of the area to be served by the proposed relocation of the main office of the Connecticut bank; (2) the adequacy of existing banking facilities; and (3) the economic need for such proposed relocation.[; and (4) the convenience and necessity to the public of the proposed relocation.]

Section 5. Subsection (c) of section 36a-82 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(c) Upon receiving such application, the commissioner shall cause notice of its submission to be published in the department's weekly bulletin. The notice shall state that written objections to such application may be made, for a period of [thirty] fifteen days from the date of publication of the bulletin, on the grounds that the name selected will tend to confuse the public. At least ten days prior to the date by which objections may be made, the applicant shall send a copy of

the application and a notice of the date by a means that provides a signature as proof of delivery, including, but not limited to, registered or certified mail, return receipt requested, to each bank or out-of-state bank having its main office or a branch in the town or towns in which the applicant has its main office or a branch.

Section 6. Subsection (b) of section 36a-223 of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(b) The duty of the receiver shall be to place the Connecticut bank or Connecticut credit union in liquidation and proceed to realize upon the assets of such bank or credit union, having due regard for the conditions of credit [in the locality] of such bank or credit union.

Agency Legislative Proposal – 2025 Session
Document Name: DOB – AAC Changes to the Treasurer's Community Banking and Credit Union Program

Document Name	**DOB – AAC Changes to the Treasurer's Community Banking and Credit Union Program**

Legislative Liaison	Matt Smith (860) 240-8105 Matthew.smith@ct.gov
Division Requesting This Proposal	Financial Institutions
Drafter	Hannah Ahern Hannah.ahern@ct.gov

Title of Proposal	Financial Institutions Statutory Amendments
Statutory Reference, if any	Connecticut General Statutes Sections 3-24j(2).
Brief Summary and Statement of Purpose	This proposal redefines "community credit union" for purposes of the community bank and community credit union program established by the State Treasurer.
How does this proposal relate to the agency's mission?	This proposal furthers the Department's mission to modernize and innovate the banking statutes.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 1: Redefines "community credit union" for purposes of the community bank and community credit union program established by the State Treasurer.

BACKGROUND

Origin of Proposal [ ] New Proposal [X] Resubmission

Senate Bill 122

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Not to our knowledge.
Has this proposal or a similar proposal been implemented in other states? If	Not to our knowledge.

yes, to what result?	
Have certain constituencies called for this proposal?	

INTERAGENCY IMPACT
List each affected agency. Copy the table as needed.

[] Check here if this proposal does NOT impact other agencies

1. Agency Name	Connecticut Office of the Treasurer
Agency Contact (name, title)	
Date Contacted	
Status	**[X] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT
Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Subsection (2) of section 3-24j of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(2) "Community credit union" means a cooperative, nonprofit financial institution that (A) **[**is organized under chapter 667 and the**]** has a field of membership **[**of**]** which is limited as provided in section 36a-438a, (B) operates for the benefit and general welfare of its members with the earnings, benefits or services offered being distributed to or retained for its members, and (C) is governed by a volunteer board of directors elected by and from its membership.

Document Name	**DOB Proposal 03 – AAC Modernization of Credit Union Statutes**

Legislative Liaison	Matt Smith (860) 240-8105 Matthew.smith@ct.gov
Division Requesting This Proposal	Financial Institutions
Drafter	Hannah Ahern Hannah.ahern@ct.gov

Title of Proposal	Financial Institutions Credit Union Statutory Amendments
Statutory Reference, if any	Connecticut General Statutes Sections 36a-435b; 36a-456a(e); and 36a-458a(a)(3).
Brief Summary and Statement of Purpose	This proposal modernizes and clarifies various credit union statutes.
How does this proposal relate to the agency's mission?	This proposal furthers the Department's mission to reduce the regulatory burden on regulated institutions and develop the regulatory process where appropriate.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 1: defines "loan officer"; Section 2: permits certain Connecticut chartered credit unions to accept deposits from any source within certain limitations; and Section 3: amends the definition of "member business loan".

BACKGROUND

Origin of Proposal [X] New Proposal [ ] Resubmission

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Not to our knowledge.
Has this proposal or a similar proposal been implemented in other states? If	Not to our knowledge.

yes, to what result?	
Have certain constituencies called for this proposal?	Yes, a Connecticut-chartered credit union has requested the change in Section 2 of this proposal.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[X] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved** **[ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	

Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Section 36a-435b of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

As used in sections 36a-435a to 36a-472a, inclusive, unless the context otherwise requires:

(1) "Appointed director" means a director emeritus or an advisory director of a Connecticut credit union, who is not a member of the governing board of such credit union;

(2) "Branch" means any office established by a Connecticut credit union, an out-of-state, state-chartered credit union, a federal credit union, or an out-of-state, federally-chartered credit union, as the case may be, at a fixed location, at which shares or deposits are received, share drafts or checks are paid, or money is lent, including an office operated as a shared service center and not including the main office of the credit union;

(3) "Capital" means undivided earnings, regular reserves, other special purpose reserves, donated equity, and accumulated, unrealized gains or losses on securities in accordance with generally accepted accounting principles;

(4) "Certificate of incorporation" means the certificate of incorporation of a Connecticut credit union and includes in the case of Connecticut credit unions in existence on July 1, 1975, articles of association, articles of incorporation and certificates of organization;

(5) "Corporate", when used in conjunction with any institution that is a Connecticut credit union, federal credit union or out-of-state credit union, means a corporate credit union, as defined in 12 CFR 704.2, as from time to time amended;

(6) "Credit manager" means a natural person approved by the governing board of a Connecticut credit union and employed by such credit union to supervise its lending activities;

(7) "Credit union service organization services" means those services that are authorized for credit union service organizations under state or federal law, and that are closely related to credit union business, are convenient and useful to credit union business, are reasonably related to the operations of a credit union or are financial in nature;

(8) "Director" means a member of the governing board of a Connecticut credit union;

(9) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as from time to time amended;

(10) "Financial institution" means any Connecticut credit union, bank, federal credit union, out-of-state bank or out-of-state credit union;

(11) "Immediate family member" means any person related by blood, adoption or marriage to a person within the field of membership of the Connecticut credit union;

(12) "Loan Officer" means an individual who for compensation or gain or with the expectation of compensation or gain, takes loan applications or offers or negotiates terms of, personal, business or other loan products. A Loan Officer does not include an individual engaged solely as a loan processor or underwriter.

(1[2]3) "Member" means any person who has been admitted to membership in the Connecticut credit union in accordance with this chapter;

(1[3]4) "Member in good standing" means a member who (A) owns at least one membership share in a credit union, (B) is current on all credit obligations to the credit union, and (C) has not caused the credit union a credit or share loss that remains outstanding;

(1[4]5) "Membership share" means a share equal to the stated par value of the Connecticut credit union which may not be withdrawn or transferred except upon termination of membership and which confers membership and voting rights on the member;

(1[5]6) "Mobile branch" means any office of a Connecticut credit union at which credit union business is conducted, which is in fact moved or transported to one or more predetermined locations in accordance with a predetermined schedule;

(1[6]7) "Multiple common bond membership" means a field of membership consisting of more than one group of individuals, each of which has, within the group, a common bond of occupation or association;

(1[7]8) "Officer" means the chairperson, vice chairperson, secretary and treasurer of the governing board of a Connecticut credit union;

(1[8]9) "Senior management" means the president or chief executive officer, vice president or vice chief executive officer, chief financial officer, credit manager, and any person occupying a similar status or performing a similar function;

([19]20) "Share" means the basic unit of moneys held by a member of a Connecticut credit union in share accounts at a Connecticut credit union on which a dividend may be paid;

(2[0]1) "Shared service center" means a branch established by any combination of two or more (A) Connecticut credit unions, (B) out-of-state, state-chartered credit unions, (C) federal credit unions, or (D) out-of-state, federally-chartered credit unions, that is operated in such a manner as to provide a credit union member the same credit union services that the credit union member could lawfully obtain at the main office of the member's credit union;

(2[1]2) "Single common bond membership" means a field of membership consisting of one group that has a common bond of occupation or association.

Section 2. Subsection (e) of section 36a-456a of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(e) A Connecticut credit union may receive payments from a nonmember who is (1) an individual, into a share account held jointly with a member of the Connecticut credit union, which share account is subject to the provisions of section 36a-290; (2) the United States, this state or any municipality or other political subdivision thereof; (3) a federally-recognized Native American tribal government located in this state; or (4) another Connecticut credit union, federal credit union or out-of-state credit union. Notwithstanding the foregoing, credit unions that are designated as Community Development Financial Institution, as defined by the United States Department of the Treasury, are permitted to accept nonmember payments from any source up to the greater of $3 million or fifty percent (50%) of total shares.

Section 3. Subsection (a)(3) of section 36a-458a of the general statutes is repealed and the following is substituted in lieu thereof (*effective July 1, 2025*):

(3) "Member business loan" means any loan, line of credit or unfunded commitment thereof, letter of credit or any other extension of credit, where the borrower intends to use or uses the

proceeds for any of the following purposes: (A) Commercial; (B) corporate; (C) investment property; (D) business venture; or (E) agricultural, but not for personal expenditure purposes. [but does not include] [t]The following loans are excluded from this definition:

(i) A loan fully secured by a lien on a one-to-four family residence [that] regardless of whether it is the primary residence of the member;

(ii) A loan fully secured by shares in the credit union making the loan or by shares or deposits in other financial institutions;

(iii) One or more loans to a member or an associated member where the proceeds are to be used or are used for the purposes specified in this subdivision to benefit a common endeavor and which, in the aggregate, are equal to less than fifty thousand dollars;

(iv) A loan where any agency of the federal government, a state or any political subdivision of such state, fully insures or guarantees repayment, or provides an advance commitment to purchase the loan in full; [or]

(v) A loan granted by the corporate Connecticut credit union to a Connecticut credit union, federal credit union or out-of-state credit union[.]; or

(vi) Any non-member commercial loan or non-member participation interest in a commercial loan made by another lender, provided the federally insured credit union acquired the non-member loans and participation interests in compliance with all relevant laws and regulations and it is not, in conjunction with one or more other credit unions, trading member business loans to circumvent the aggregate limit.

Document Name	**DOB -AAC Consumer Credit Licenses**

Legislative Liaison	Matt Smith
Division Requesting This Proposal	Consumer Credit
Drafter	Melissa Desmond, Staff Attorney (Sec. 1-6) Stacey Serrano, Staff Attorney (Sec. 7-24) Jeffrey Schuyler, Staff Attorney (Sec. 25)

Title of Proposal	An Act Concerning Consumer Credit Licenses
Statutory Reference, if any	36a-492(c), 36a-602(c), 36a-664(b), 36a-671d(c), 36a-719c(d), 36a-802(b), 36a-490(b)(2), 36a-598, 36a-658, 36a-671(i), 36a-719a, 36a-801(i), 36a-487(d), 36a-535(2), 36a-718, 36a-719c, 36a-850a, 36a-51, 36a-556, 36a-715, 36a-846, 36a-856, 36a-870, 36a-872 and NEW
Brief Summary and Statement of Purpose	To require bond cancellations to be submitted electronically; update statutes to reflect electronic bond procedures for consumer credit licensees; clarify servicing provisions for sales finance companies, small loan companies, mortgage servicers and student loan servicers; provide enforcement authority and registration timelines for consumer credit registrants; clarify obligations concerning private student education cosigner releases and require consumer disclosures in connection with shared appreciation agreements.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate.

Sections 1 through 6 require bond cancellations for consumer credit licensees to be done electronically.

Sections 7 through 12 remove existing requirements that mortgage, money transmitter, debt adjuster, debt negotiator, mortgage servicer and consumer collection agency licensees update their surety bonds when they change their location since new electronic bonds on the Nationwide Multistate Licensing System and Registry ("System") do not reflect address locations.

Section 13 amends Section 36a-535(2) to clarify that receipt of any payments on an installment loan contract or retail installment contract constitutes sales finance company activity requiring licensure.

Sections 14 and 15 create a new registration type of exempt mortgage servicer registrant for mortgage lenders exempt from mortgage servicer requirements. The new registration type is necessary for implementing electronic bonds on the System for these entities.

Section 16 amends Section 36a-850a to place obligations concerning cosigner releases on private education lenders and private education loan creditors when appropriate.

Section 17 amends Section 36a-51 to provide the Commissioner authority to suspend, revoke and refuse to renew registrations issued by the Commissioner.

Section 18 amends Section 36a-556 to clarify that receiving any payments in connection with a small loan is small loan company activity requiring licensure.

Section 19 amends Section 36a-715 to clarify that receiving any payments on a residential mortgage loan constitutes mortgage servicing activity.

Section 20 amends Section 36a-846 to clarify that receiving any payments on a student education loan constitutes student loan servicing activity.

Section 21 amends Section 36a-487(d) to create a registration timeline and fee schedule for exempt registrants that sponsor mortgage loan originators and loan processor or underwriters.

Section 22 amends Section 36a-870 of the 2024 Supplement to the General Statutes to create a registration timeline and fee schedule for commercial financing brokers and providers.

Section 23 amends Section 36a-872 of the 2024 Supplement to the General Statutes to provide the Commissioner with enforcement authority over commercial financing brokers and providers.

Section 24 amends Section 36a-856 of the 2024 Supplement to the General Statutes to create a registration timeline and fee schedule for private education lenders and private education loan creditors, provide authority.

Section 25 requires mortgage lenders to make certain disclosures to consumers in connection with shared appreciation agreements.

BACKGROUND

Origin of Proposal **[ ] New Proposal** **[X] Resubmission**

HB 5142

Please consider the following, if applicable:

How does this proposal connect to the 10-year vision for the agency's mission?	
How will we measure if the proposal successfully accomplishes its goals?	
Have there been changes in federal/state laws or regulations that make this legislation necessary?	
Has this proposal or a similar proposal been	

implemented in other states? If yes, to what result?	
Have certain constituencies called for this proposal?	

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[X] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

ISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

AN ACT CONCERNING CONSUMER CREDIT LICENSES

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

Section 1. Subsection (c) of section 36a-492 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025*):

(c) The surety company shall have the right to cancel the bond at any time by a written notice to the principal stating the date cancellation shall take effect, provided the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. **[**If the bond is issued electronically on the system,**]** Such written notice of cancellation **[**may**]** shall be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. **[**Any notice of cancellation not provided through the system shall be sent by certified mail to the principal and the commissioner at least thirty days prior to the date of cancellation.**]** A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the principal of the date such bond cancellation shall take effect and such notice shall be deemed notice to each mortgage loan originator licensee sponsored by such principal. The commissioner shall automatically suspend the licenses of a mortgage lender, mortgage correspondent lender or mortgage broker on such date and inactivate the licenses of the mortgage loan originators sponsored by such lender, correspondent lender or broker. In the case of a cancellation of an exempt registrant's bond, the commissioner shall inactivate the licenses of the mortgage loan originators sponsored by such exempt registrant. No automatic suspension or inactivation shall occur if, prior to the date that the bond cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond from the surety company or a new bond, (2) the mortgage lender, mortgage correspondent lender or mortgage broker licensee has ceased business and has surrendered all licenses in accordance with subsection (a) of section 36a-490, or (3) in the case of a mortgage loan originator licensee, the sponsorship with the mortgage lender, mortgage correspondent lender or mortgage

broker who was automatically suspended pursuant to this section or, with the exempt registrant who failed to provide the bond required by this section, has been terminated and a new sponsor has been requested and approved. After a mortgage lender, mortgage correspondent lender or mortgage broker license has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494 and an opportunity for a hearing on such action in accordance with section 36a-51, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section. The commissioner may provide information to an exempt registrant concerning actions taken by the commissioner pursuant to this subsection against any mortgage loan originator licensee that was sponsored and bonded by such exempt registrant.

Sec. 2. Subsection (c) of section 36a-602 of general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025):*

(c) The surety company may cancel the bond at any time by a written notice to the licensee and the commissioner, stating the date cancellation shall take effect. **[**If the bond is issued electronically on the system, such**]** Such written notice **[**may**]** shall be provided by the surety company to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. **[**Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation.**]** A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless the licensee, prior to such date, submits (1) a letter of reinstatement of the bond from the surety company, (2) a new bond, (3) evidence that all of the principal sum of such surety bond has been invested as provided in subsection (d) of this section, (4) a new bond that replaces the surety bond in part and evidence that the remaining part of the principal sum of such surety bond has been invested as provided in subsection (d) of this section, or (5) evidence that the licensee has ceased business and has surrendered the license. After a license has been automatically suspended, the commissioner shall (A)

give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew such license and an opportunity for a hearing on such actions in accordance with section 36a-51, and (B) require the licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 3. Subsection (b) of section 36a-664 of general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025):*

(b) The surety shall have the right to cancel any bond filed under subsection (a) of this section at any time by a written notice to the licensee and the commissioner, stating the date cancellation shall take effect. **[**If such bond is issued electronically on the system,**]** Such written notice of cancellation **[**may**]** shall be provided by the surety to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. **[**Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation.**]** No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless prior to such date the licensee submits a letter of reinstatement of the bond from the surety or a new bond or the licensee has surrendered the license. After a license has been automatically suspended, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, and (2) require the licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 4. Subsection (c) of section 36a-671d of general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025):*

(c) The surety shall have the right to cancel any bond written or issued under

subsection (a) of this section at any time by a written notice to the debt negotiation licensee and the commissioner stating the date cancellation shall take effect. **[**If such bond is issued electronically on the system,**]** Such written notice of cancellation **[**may**]** shall be provided by the surety to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. **[**Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation.**]** No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the debt negotiation licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the licenses of the debt negotiation licensee on such date and inactivate the license of any sponsored mortgage loan originator, unless prior to such date the debt negotiation licensee submits a letter of reinstatement of the bond from the surety or a new bond, surrenders all licenses or, in the case of a mortgage loan originator sponsored by a debt negotiation licensee, the sponsorship has been terminated and a new sponsor has been requested and approved. After a license has been automatically suspended, the commissioner shall (1) give the debt negotiation licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, and (2) require the debt negotiation licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 5. Subsection (d) of section 36a-719c of general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025):*

(d) A surety shall have the right to cancel the surety bond, fidelity bond and errors and omissions coverage required by this section at any time by a written notice to the principal and the commissioner stating the date cancellation shall take effect. **[**If the surety bond required by this section was issued electronically on the system,**]** Such written notice of cancellation **[**may**]** shall be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. **[**Any notice of cancellation not provided through the system shall be sent by certified mail to the principal and the commissioner at least thirty days prior to the

date of cancellation.] A surety bond, fidelity bond or errors and omissions coverage shall not be cancelled unless the surety notifies the commissioner, in writing, not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the principal of the date such cancellation shall take effect. The commissioner shall automatically suspend the license of a mortgage servicer on such date or on any date when a fidelity bond or errors and omissions coverage expires or is no longer in effect. No automatic suspension or inactivation shall occur if, prior to the date that such bond or errors and omissions coverage cancellation or expiration shall take effect, (1) the principal submits a letter of reinstatement of the bond or errors and omissions coverage, or a new bond or errors and omissions policy; or (2) the mortgage servicer licensee has ceased business in this state and has surrendered all licenses in accordance with section 36a-51 and section 36a-719a. After a mortgage servicer license has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-719j and an opportunity for a hearing on such action in accordance with section 36a-51, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section. A person licensed as a mortgage lender in this state acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b shall cease to be exempt from mortgage servicer licensing requirements in this state upon cancellation or expiration of any surety bond, fidelity bond or errors and omissions coverage required by this section.

Sec. 6. Subsection (b) of section 36a-802 of general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025):*

(b) The surety company shall have the right to cancel the bond at any time by a written notice to the licensee and the commissioner stating the date cancellation shall take effect. [If the bond is issued electronically on the system,] Such written notice of cancellation [may] shall be provided by the surety company to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. [Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation.] A surety bond

shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless the licensee prior to such date submits a letter of reinstatement of the bond from the surety company or a new bond or the licensee has ceased business and has surrendered its license. After a license has been automatically suspended, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, and (2) require the licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 7. Subdivision (2) of subsection (b) of section 36a-490 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(2) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A mortgage lender, mortgage correspondent lender, mortgage broker or lead generator licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if (A) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a **[**main or branch office**]** change to the legal name of the licensee, provides, directly to the commissioner, a bond rider **[**or endorsement, or addendum, as applicable,**]** to the surety bond on file with the commissioner that reflects the new legal name **[**or address of the main or branch office**]** of the licensee, and (B) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

Sec. 8. Subdivision (2) of subsection (d) of section 36a-598 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A licensee may change the name of the licensee or the address of the office specified on the most recent filing with the system if, (A) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a change to the legal name of the licensee, provides a bond rider **[**, endorsement or addendum, as applicable,**]** to the surety bond on file with the commissioner that reflects the new legal name **[**or address,**]** of the licensee, and (B) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

Sec. 9. Subsection (b) of section 36a-658 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

No licensee shall use any name or address other than the name and address stated on the license issued by the commissioner. No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a change to the legal name of the licensee, provides to the commissioner a bond rider **[**, endorsement or addendum, as applicable**]** to the surety bond on file with the commissioner that reflects the new legal name of the licensee; and (2) the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period.

Sec. 10. Subsection (i) of section 36a-671 of the general statutes are repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address

other than the name and address specified on the license issued by the commissioner. A licensee may change the name of the licensee or the address of the office specified on the most recent filing with the system if, (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a change to the legal name of the licensee, provides to the commissioner a bond rider **[**, endorsement or addendum, as applicable,**]** to the surety bond on file with the commissioner that reflects the new legal name of the licensee; and (2) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

Sec. 11. Subsection (b) of section 36a-719a of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address stated on the license issued by the commissioner. A mortgage servicer licensee may change the name of the licensee or address of any office specified on the most recent filing with the system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a **[**main office or branch office**]** change in the legal name of the licensee, provides the commissioner a bond rider **[**or endorsement, or addendum, as applicable,**]** to **[**any**]** the surety bond **[**or evidence of errors and omissions coverage**]** on file with the commissioner that reflects the new legal name **[**or address of the main office or branch office**]** of the licensee; and (2) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

Sec. 12. Subsection (i) of section 36a-801 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner

disapproves use of such name. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, (1) the licensee files such change with the system and, in the case of a change in the legal name of a licensee, provides a bond rider [, endorsement or addendum, as applicable,] to the surety bond on file with the commissioner that reflects the new legal name [or address] of the licensee, and (2) the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period. Not more than one place of business shall be maintained under the same license but the commissioner may issue more than one license to the same licensee upon compliance with the provisions of sections 36a-800 to 36a-814, inclusive, as to each new licensee. A license shall not be transferable or assignable. Any change in any control person of the licensee, except a change of a director, general partner or executive officer that is not the result of an acquisition or change of control of the licensee, shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. For purposes of this section, "change of control" means any change causing the majority ownership, voting rights or control of a licensee to be held by a different control person or group of control persons. The commissioner may automatically suspend a license for any violation of this subsection. After a license has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-804 and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 13. Subdivision (2) of section 36a-535 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(2) "Sales finance company" means any person engaging in this state in the business, in whole or in part, of (A) acquiring retail installment contracts or installment loan contracts from the holders thereof, by purchase, discount or pledge, or by loan or advance to the holder of either on the security thereof, or otherwise, or (B) receiving payments, [of principal and interest] including, but not limited to, principal, interest or fees, from a

retail buyer [under] in connection with a retail installment contract or installment loan contract. "Sales finance company" does not include a bank, out-of-state bank, Connecticut credit union, federal credit union, or out-of-state credit union, if so engaged;

Sec. 14. Section 36a-718 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) On and after January 1, 2015, no person shall act as a mortgage servicer, directly or indirectly, without first obtaining a license under section 36a-719 from the commissioner for its main office and for each branch office where such business is conducted, unless such person is exempt from licensure pursuant to subsection (b) of this section. Any activity subject to licensure pursuant to sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, shall be conducted from an office located in a state, as defined in section 36a-2.

(b) The following persons are exempt from mortgage servicer licensing requirements: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured; (2) any wholly-owned subsidiary of such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union; (4) any person [licensed as a mortgage lender in this state while] registered as an exempt mortgage servicer registrant pursuant to subsection (d) of this section and acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b, [provided (A) such person meets the supplemental mortgage servicer surety bond, fidelity bond and errors and omissions coverage requirements under section 36a-719c, and (B)] during any period that the license of the mortgage lender in this state has not been suspended; [, such exemption shall not be effective;] and (5) any person licensed as a mortgage correspondent lender in this state while acting as a mortgage servicer with respect to any residential mortgage loan it has made and during the permitted ninety-day holding period for such loan from a location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b, provided during any period the license of the mortgage correspondent lender in this state has been suspended, such exemption shall not be effective.

(c) The provisions of sections 36a-719e to 36a-719h, inclusive, shall apply to any person, including a person exempt from licensure pursuant to subsection (b) of this section, who acts as a mortgage servicer in this state on or after January 1, 2015.

(d) (1) Any person licensed as a mortgage lender in this state shall register on the system as an exempt mortgage servicer registrant prior to acting as a mortgage servicer from any location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b. Each registration shall expire at the close of business on December thirty-first of the year in which it is approved, unless such registration is renewed, and provided any such registration that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a registration shall be filed between November first and December thirty-first of the year in which the registration expires. Each applicant for an initial registration or renewal of a registration shall meet the supplemental mortgage servicer surety bond, fidelity bond and errors and omissions coverage requirements under section 36a-719c, as amended by this act, and pay to the system any required fees or charges. All fees paid pursuant to this section shall be nonrefundable.

(2) The commissioner may suspend, revoke or refuse to renew any exempt mortgage servicer registration or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, if the commissioner finds that the registrant no longer meets the requirements for registration or if any registrant, any control person, trustee, employee or agent of such registrant has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud or misappropriated funds; or (C) violated any provision of this title or of any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such registrant's business.

Sec. 15. Section 36a-719c of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) Each mortgage servicer applicant or licensee and **[**any person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718**]** exempt mortgage servicer registrant shall file with the commissioner (1) a surety

bond, written by a surety authorized to write such bonds in this state, covering its main office and any branch office from which it acts as mortgage servicer, in a penal sum of one hundred thousand dollars per office location in accordance with subsection (b) of this section, (2) a fidelity bond, written by a surety authorized to write such bonds in this state, in accordance with the requirements of subsection (c) of this section, and (3) evidence of errors and omissions coverage, written by a surety authorized to write such coverage in this state, in accordance with the requirements of subsection (c) of this section. No mortgage servicer licensee and no **[**person otherwise exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718**]** exempt mortgage servicer registrant shall act as a mortgage servicer in this state without maintaining the surety bond, fidelity bond and errors and omissions coverage required by this section.

(b) The surety bond required by subsection (a) of this section shall be (1) in a form approved by the Attorney General; and (2) conditioned upon the mortgage servicer licensee or **[**person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718**]** exempt mortgage servicer registrant faithfully performing any and all written agreements or commitments with or for the benefit of mortgagors and mortgagees, truly and faithfully accounting for all funds received from a mortgagor or mortgagee in such person's capacity as a mortgage servicer, and conducting such mortgage business consistent with the provisions of sections 36a-715 to 36a-719*l*, inclusive, as amended by this act. Any mortgagor that may be damaged by the failure of a mortgage servicer licensee or **[**person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718**]** exempt mortgage servicer registrant to perform any written agreements or commitments, or by the wrongful conversion of funds paid by a mortgagor to such licensee or **[**person**]** registrant, may proceed on such bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on such bond against the principal or surety on such bond, or both, to collect any civil penalty imposed pursuant to subsection (a) of section 36a-50, any restitution imposed pursuant to subsection (c) of section 36a-50 and any unpaid costs of examination of a licensee as determined pursuant to section 36a-65. The proceeds of the bond, even if commingled with other assets of the principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the principal in the event of bankruptcy of the principal and shall be immune from attachment by creditors and judgment creditors. The surety bond shall run concurrently with the period of the license or registration for the main office of the mortgage servicer

or exempt mortgage [lender] servicer registrant and the aggregate liability under the bond shall not exceed the penal sum of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond.

(c) The fidelity bond and errors and omissions coverage required by subsection (a) of this section shall name the commissioner as an additional loss payee on drafts the surety issues to pay for covered losses directly or indirectly incurred by mortgagors of residential mortgage loans serviced by the mortgage servicer. The fidelity bond shall cover losses arising from dishonest and fraudulent acts, embezzlement, misplacement, forgery and similar events committed by employees of the mortgage servicer. The errors and omissions coverage shall cover losses arising from negligence, errors and omissions by the mortgage servicer with respect to the payment of real estate taxes and special assessments, hazard and flood insurance or the maintenance of mortgage and guaranty insurance. The fidelity bond and errors and omissions coverage shall each be in the following principal amounts based on the mortgage servicer's volume of servicing activity most recently reported to the commissioner:

(1) If the amount of the residential mortgage loans serviced is one hundred million dollars or less, the principal amount shall be at least three hundred thousand dollars; or

(2) If the amount of such loans exceeds one hundred million dollars, the principal amount shall be at least three hundred thousand dollars plus (A) three-twentieths of one per cent of the amount of residential mortgage loans serviced greater than one hundred million dollars but less than or equal to five hundred million dollars; (B) plus one-eighth of one per cent of the amount of residential mortgage loans serviced greater than five hundred million dollars but less than or equal to one billion dollars; and (C) plus one-tenth of one per cent of the amount of residential mortgage loans serviced greater than one billion dollars.

The fidelity bond and errors and omissions coverage may provide for a deductible amount not to exceed the greater of one hundred thousand dollars or five per cent of the face amount of such bond or coverage.

(d) A surety shall have the right to cancel the surety bond, fidelity bond and errors and

omissions coverage required by this section at any time by a written notice to the principal and the commissioner stating the date cancellation shall take effect. If the surety bond required by this section was issued electronically on the system, written notice of cancellation may be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the principal and the commissioner at least thirty days prior to the date of cancellation. A surety bond, fidelity bond or errors and omissions coverage shall not be cancelled unless the surety notifies the commissioner, in writing, not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the principal of the date such cancellation shall take effect. The commissioner shall automatically suspend the license of a mortgage servicer or registration of an exempt mortgage servicer on such date or on any date when a fidelity bond or errors and omissions coverage expires or is no longer in effect. No automatic suspension or inactivation shall occur if, prior to the date that such bond or errors and omissions coverage cancellation or expiration shall take effect, (1) the principal submits a letter of reinstatement of the bond or errors and omissions coverage, or a new bond or errors and omissions policy; or (2) the mortgage servicer licensee or exempt mortgage servicer registrant has ceased business in this state and has surrendered all licenses in accordance with **[**section**]** sections 36a-51 and **[**section**]** 36a-719a, as amended by this act and (B) registrations in accordance with section 36a-718, as amended by this act. After a mortgage servicer license or exempt mortgage servicer registrant has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee or registrant notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-719j or subsection (d) of section 36a-718 and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee or registrant to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section. **[**A person licensed as a mortgage lender in this state**]** Any exempt mortgage servicer registrant acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b shall cease to be exempt from mortgage servicer licensing requirements in this state upon cancellation or expiration of any surety bond, fidelity bond or errors and omissions coverage required by this section.

(e) If the commissioner finds that the financial condition of a mortgage servicer

licensee or [mortgage lender licensee] exempt mortgage servicer registrant so requires, as evidenced by the reduction of tangible net worth, financial losses or potential losses as a result of a violation of sections 36a-715 to 36a-719k, inclusive, as amended by this act, the commissioner may require one or more additional bonds meeting the standards set forth in this section. The mortgage servicer licensee or exempt mortgage servicer registrant shall file any such additional bonds not later than ten days after receipt of the commissioner's written notice of such requirement. A mortgage servicer licensee or [mortgage lender licensee] exempt mortgage servicer registrant shall file, as the commissioner may require, any bond rider or endorsement or addendum, as applicable, to any bond or evidence of errors and omissions coverage on file with the commissioner to reflect any changes necessary to maintain the surety bond, fidelity bond and errors and omissions coverage required by this section.

Sec. 16. Section 36a-850a of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) [In] Any person servicing a private student education loan, including, but not limited to, a private student education loan servicer, private education lender and private education loan creditor, shall:

(1) Prior to sending the first billing statement on a private student education loan or immediately upon receipt of a private student education loan following the transfer or assignment of such private student education loan, provide to the student loan borrower, and to any cosigner of such private student education loan, information concerning the rights and responsibilities of such student loan borrower and cosigner, including information regarding (A) how such private student education loan obligation will appear on the cosigner's consumer report, (B) how the cosigner will be notified if the private student education loan becomes delinquent, including how the cosigner can cure the delinquency in order to avoid negative credit furnishing and loss of cosigner release eligibility, and (C) eligibility for release of the cosigner's obligation on such private student education loan, including number of on-time payments and any other criteria required to approve the release of the cosigner from the loan obligation;

(2) Send annual written notice to all student loan borrowers and cosigners relating to information about cosigner release, including the criteria [the private student education

loan servicer requires] necessary to approve the release of a cosigner from a private student education loan obligation and the process for applying for cosigner release;

(3) Upon satisfaction by the student loan borrower of the applicable consecutive on-time payment requirement for purposes of cosigner release eligibility, send, in writing, to such student loan borrower and cosigner (A) a notification that such consecutive on-time payment requirement has been satisfied and that such cosigner may be eligible for cosigner release, and (B) information relating to the procedure for applying for cosigner release and any additional criteria that a cosigner must satisfy in order to be eligible for cosigner release. Such notification and information shall be sent by either United States mail or electronic mail, provided such student loan borrower has elected to receive electronic communications from the private student education loan servicer;

(4) In the event that an application for a cosigner release is incomplete, provide, in writing, (A) notice to the student loan borrower and cosigner that such application is incomplete, and (B) a description of the information that is missing or the additional information that is needed to consider the application complete and the date by which the borrower or cosigner are required to provide such information;

(5) Not later than thirty days following the submission of an application for cosigner release, send to the student loan borrower and cosigner a written notice of the decision that such application has been approved or denied. If the application for cosigner release has been denied, such written notice shall: [inform] (A) Inform such student loan borrower and cosigner that such student loan borrower and cosigner have the right to request all documents and information used [by the private student education loan servicer] in [its] the decision to deny such application, including [the] any credit score threshold used, [by the private student education loan servicer,] the consumer report of such student loan borrower or cosigner, the credit score of such student loan borrower or cosigner, and any other documents that are relevant or specific to such student loan borrower or cosigner, [. The private student education loan servicer shall provide such student loan borrower and cosigner with] and (B) include (i) any adverse action notices required under federal law if the denial of such application was based in whole or in part on any information contained in a consumer report, [;

(6) Include] and (ii) the information described in subdivision (2) of this section; [in any response to an application for cosigner release;]

[(7) Refrain from imposing any restrictions on a student loan borrower or cosigner that may permanently prevent such student loan borrower or cosigner from qualifying for a cosigner release, including, but not limited to, restrictions on the number of times a student loan borrower or cosigner may apply for cosigner release;

(8) Refrain from imposing any negative consequences on a student loan borrower or cosigner during the sixty days following issuance of the notice described in subdivision (4) of this section, or until a final decision concerning a student loan borrower or cosigner's application for cosigner release is made. For purposes of this subdivision, "negative consequences" includes, but is not limited to, the imposition of additional eligibility criteria, negative credit reporting, lost eligibility for a cosigner release, late fees, interest capitalization or other financial penalties or injury;

(9) Refrain from requiring a student loan borrower to make more than twelve consecutive on-time payments as part of the eligibility criteria for cosigner release. Such private student education loan servicer shall consider any student loan borrower who has paid the equivalent of twelve months of principal and interest during any twelve-month period to have satisfied the consecutive on-time payment requirement, even if such student loan borrower has not made payments monthly during such twelve-month period;]

[(10)] (6) Upon receipt of a request by a student loan borrower or cosigner to a change that results in restarting the count of consecutive on-time payments required for cosigner release eligibility, provide to such student loan borrower and cosigner written notification of the impact of such change on cosigner release eligibility and an opportunity to withdraw or reverse such change for purposes of avoiding such impact;

[(11)] (7) Provide a student loan borrower or cosigner (A) the right to request an appeal of a determination to deny a cosigner release application, (B) an opportunity to submit additional information or documentation evidencing that such student loan borrower has the ability, willingness and stability to make his or her payment obligations, and (C) the right to request that a different employee [of the private student education loan servicer] review and make a determination on the application for a cosigner release;

[(12)] (8) Establish and maintain a comprehensive record management system reasonably designed to ensure the accuracy, integrity and completeness of data and other information about cosigner release applications. Such system shall include the number

of cosigner release applications received, the approval and denial rate of such applications and the primary reasons for denial of such applications;

[(13) In the event that a cosigner has a total and permanent disability, as determined by any federal or state agency or doctor of medicine or osteopathy legally authorized to practice in the state, and unless otherwise expressly prohibited under the terms of a private student education loan agreement, (A) release the cosigner from his or her obligation to repay the private student education loan upon receipt of notification that such cosigner has a total and permanent disability, and (B) refrain from requiring that a new cosigner be added to such private student education loan after the original cosigner has been released from such private student education loan;**]**

[(14)**]** (9) Provide the cosigner of a private student education loan with access to the same documents and records associated with the private student education loan that are available to the student loan borrower of such private student education loan; and

[(15)**]** (10) If a student loan borrower has electronic access to documents and records associated with a private student education loan, provide equivalent electronic access to such documents and records to the cosigner of such private student education loan.

(b) **[**The provisions of subsection (a) of this section shall not apply to the following persons: (1) Any bank, out-of-state bank that has a physical presence in the state, Connecticut credit union, federal credit union or out-of-state credit union; (2) any wholly owned subsidiary of any such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same bank or credit union; and (4) the Connecticut Higher Education Supplemental Loan Authority.**]** Any person that makes or extends a private student education loan on and after October 1, 2025, shall provide, consistent with the terms of this subsection, options for cosigner release on such private student education loan upon the satisfaction of certain criteria, including but not limited to, twelve consecutive on-time payments by the student loan borrower or in the event of total and permanent disability by the cosigner. On and after October 1, 2025, no person that makes, extends or owns one or more private student education loans, including but not limited to, any private education lender or private education loan creditor, directly or indirectly, shall:

(1) Impose any restrictions on a student loan borrower or cosigner that may permanently prevent such student loan borrower or cosigner from qualifying for a

cosigner release, including, but not limited to, restrictions on the number of times a student loan borrower or cosigner may apply for cosigner release;

(2) Impose any negative consequences on a student loan borrower or cosigner during the sixty days following issuance of the notice described in subdivision (4) of subsection (a) of this section, or until a final decision concerning a student loan borrower or cosigner's application for cosigner release is made. For purposes of this subdivision, "negative consequences" includes, but is not limited to, the imposition of additional eligibility criteria, negative credit reporting, lost eligibility for a cosigner release, late fees, interest capitalization or other financial penalties or injury;

(3) Require a student loan borrower to make more than twelve consecutive on-time payments as part of the eligibility criteria for cosigner release. Such private student education loan servicer shall consider any student loan borrower who has paid the equivalent of twelve months of principal and interest during any twelve-month period to have satisfied the consecutive on-time payment requirement, even if such student loan borrower has not made payments monthly during such twelve-month period; and

(4) In the event that a cosigner has a total and permanent disability, as determined by any federal or state agency or doctor of medicine or osteopathy legally authorized to practice in this state, (A) refuse to release the cosigner from his or her obligation to repay the private student education loan upon receipt of notification that such cosigner has a total and permanent disability or (B) require that a new cosigner be added to such private student education loan after the original cosigner has been released.

(c) The provisions of this section shall not apply to the following persons: (1) Any bank, out-of-state bank that has a physical presence in this state, Connecticut credit union, federal credit union or out-of-state credit union; (2) any wholly-owned subsidiary of any such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly-owned by the same bank or credit union; and (4) the Connecticut Higher Education Supplemental Loan Authority.

Sec. 17. Section 36a-51 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) The commissioner may suspend, revoke or refuse to renew any license or

registration issued by the commissioner under any provision of the general statutes by sending a notice to the licensee or registrant by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, or by personal delivery, as defined in section 4-166, in accordance with section 36a-52a. The notice shall be deemed received by the licensee or registrant on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the licensee or registrant in accordance with section 36a-52a. Any such notice shall include: (1) A statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes, regulations, rules or orders involved; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that the licensee may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. If the commissioner finds that public health, safety or welfare imperatively requires emergency action, and incorporates a finding to that effect in the notice, the commissioner may order summary suspension of a license or registration in accordance with subsection (c) of section 4-182 and require the licensee or registrant to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section, pending proceedings for suspension, revocation or refusal to renew.

(b) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless the licensee or registrant fails to appear at the hearing. After the hearing, the commissioner shall suspend, revoke or refuse to renew the license or registration for any reason set forth in the applicable [licensing] provisions of the general statutes if the commissioner finds sufficient grounds exist for such suspension, revocation or refusal to renew. If the licensee or registrant does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner shall suspend, revoke or refuse to renew the license or registration. No such license or registration shall be suspended or revoked except in accordance with the provisions of chapter 54.

(c) (1) Any licensee may or registrant surrender any license or registration issued by the commissioner under any provision of the general statutes by surrendering the license or registration to the commissioner in person or by registered or certified mail, provided, in the case of a license or registration issued through the system, as defined in section 36a-2, such surrender shall be initiated by filing a request to surrender on the system. No

surrender on the system shall be effective until the request to surrender is accepted by the commissioner. Surrender of a license or registration shall not affect the licensee's or registrant's civil or criminal liability, or affect the commissioner's ability to impose an administrative penalty on the licensee or registrant pursuant to section 36a-50 for acts committed prior to the surrender. If, prior to receiving the license or registration, or, in the case of a license or registration issued through the system prior to the filing of a request to surrender a license or registration, the commissioner has instituted a proceeding to suspend, revoke or refuse to renew such license or registration, such surrender or request to surrender will not become effective except at such time and under such conditions as the commissioner by order determines. If no proceeding is pending or has been instituted by the commissioner at the time of surrender, or, in the case of a license or registration issued through the system, at the time a request to surrender is filed, the commissioner may still institute a proceeding to suspend, revoke or refuse to renew a license or registration under subsection (a) of this section up to the date one year after the date of receipt of the license or registration by the commissioner, or, in the case of a license or registration issued through the system, up to the date one year after the date of the acceptance by the commissioner of a request to surrender a license or registration.

(2) If any license or registration issued on the system expires due to the licensee's or registrant's failure to renew such license or registration, the commissioner may institute a revocation or suspension proceeding, or issue an order revoking or suspending the license or registration, under applicable authorities not later than one year after the date of such expiration.

(3) Withdrawal of an application for a license or registration filed on the system shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license or registration up to the date one year after the effective date of withdrawal.

(d) The provisions of this section shall not apply to chapters 672a, 672b and 672c.

Sec. 18. Section 36a-556 of the 2024 Supplement to the General Statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) Without having first obtained a small loan license from the commissioner pursuant to section 36a-565, no person shall, by any method, including, but not limited to, mail, telephone, Internet or other electronic means, unless exempt pursuant to section 36a-557:

(1) Make a small loan to a Connecticut borrower;

(2) Offer, solicit, broker, directly or indirectly arrange, place or find a small loan for a prospective Connecticut borrower;

(3) Engage in any other activity intended to assist a prospective Connecticut borrower in obtaining a small loan, including, but not limited to, generating leads;

(4) Receive payments, [of] including, but not limited to, principal, [and,] interest, or fees, directly or indirectly, from a Connecticut borrower in connection with a small loan; [made to a Connecticut borrower;]

(5) Purchase, acquire or receive assignment of a small loan made to a Connecticut borrower; and

(6) Advertise or cause to be advertised in this state a small loan or any of the services described in subdivisions (1) to (5), inclusive, of this subsection.

(b) No person shall accept any lead, referral or application for a small loan to a prospective Connecticut borrower from a person who is not (1) licensed pursuant to section 36a-565, or (2) exempt from licensure pursuant to section 36a-557.

(c) No person shall sell, transfer, pledge, assign or otherwise dispose of any small loan made to a Connecticut borrower to any person who is not (1) licensed pursuant to section 36a-565, or (2) exempt from licensure pursuant to section 36a-557.

(d) Any person who purports to act as an agent, service provider or in another capacity for a person who is exempt from licensure pursuant to subsection (a) or (b) of section 36a-557, shall require licensure pursuant to subsection (a) of this section if: (1) Such person holds, acquires or maintains, directly or indirectly, the predominant economic interest in a small loan; (2) such person markets, brokers, arranges or facilitates the loan and holds the right, requirement or right of first refusal to purchase the small loans, receivables or interests in the small loans; or (3) the totality of the circumstances indicate that such person is the lender and the transaction is structured to evade the requirements of

sections 36a-555 to 36a-573, inclusive. Circumstances weighing in favor of deeming a person a lender who shall be licensed under sections 36a-555 to 36a-573, inclusive, include, but are not limited to, the person: (A) Indemnifying, insuring or protecting an exempt person for any costs or risks related to a small loan; (B) predominantly designing, controlling or operating a small loan program; or (C) purporting to act as an agent, service provider or in another capacity for an exempt person in this state while acting directly as a lender in another state.

Sec. 19. Section 36a-715 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

As used in sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, unless the context otherwise requires:

(1) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a mortgage servicer.

(2) The terms "advertise or advertising", "control person", "individual", "main office", "mortgage broker", "mortgage correspondent lender", "mortgage lender", "office", "person" and "unique identifier" have the same meanings as provided in section 36a-485.

(3) "Mortgage servicer" (A) means any person, wherever located, who, for such person or on behalf of the holder of a residential mortgage loan, receives payments, [of] including, but not limited to, principal, [and] interest, or fees, in connection with a residential mortgage loan, records such payments on such person's books and records and performs such other administrative functions as may be necessary to properly carry out the mortgage holder's obligations under the mortgage agreement including, when applicable, the receipt of funds from the mortgagor to be held in escrow for payment of real estate taxes and insurance premiums and the distribution of such funds to the taxing authority and insurance company, and (B) includes a person who makes payments to borrowers pursuant to the terms of a home equity conversion mortgage or reverse mortgage.

(4) "Mortgagee" means the grantee of a residential mortgage, provided if the residential mortgage has been assigned of record, "mortgagee" means the last person to whom the residential mortgage has been assigned of record.

(5) "Mortgagor" means any person obligated to repay a residential mortgage loan.

(6) "Residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, located in this state, or real property located in this state upon which is constructed or intended to be constructed a dwelling.

Sec. 20. Section 36a-846 of the 2024 Supplement to the General Statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

As used in this section and sections 36a-847 to 36a-855, inclusive:

(1) "Advertise" or "advertising" has the same meaning as provided in section 36a-485;

(2) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a student loan servicer;

(3) "Consumer report" has the same meaning as provided in Section 603(d) of the Fair Credit Reporting Act, 15 USC, 1681a, as amended from time to time;

(4) "Control person" has the same meaning as provided in section 36a-485;

(5) "Cosigner" has the same meaning as provided in 15 USC 1650(a), as amended from time to time;

(6) "Federal student education loan" means any student education loan (A) (i) made pursuant to the William D. Ford Federal Direct Loan Program, 20 USC 1087a, et seq., as amended from time to time, or (ii) purchased by the United States Department of Education pursuant to 20 USC 1087i-1(a), as amended from time to time, and (B) owned by the United States Department of Education;

(7) "Federal student loan servicer" means any student loan servicer responsible for the servicing of a federal student education loan to a student loan borrower pursuant to a contract awarded by the United States Department of Education under 20 USC 1087f, as amended from time to time;

(8) "Main office" has the same meaning as provided in section 36a-485;

(9) "Private student education loan" means any student education loan that is not a federal student education loan;

(10) "Private student education loan servicer" means any student loan servicer responsible for the servicing of a private student education loan to a student loan borrower;

(11) "Student loan borrower" means any individual who resides within this state who has agreed to repay a student education loan;

(12) "Student loan servicer" means any person, wherever located, responsible for the servicing of any student education loan to any student loan borrower;

(13) "Servicing" means (A) receiving any [scheduled periodic] payments from a student loan borrower pursuant to the terms of a student education loan; (B) applying the payments of principal and interest and such other payments with respect to the amounts received from a student loan borrower, as may be required pursuant to the terms of a student education loan; (C) maintaining account records for and communicating with the student loan borrower concerning the student education loan during the period when no [scheduled periodic] payments are required; (D) interacting with a student loan borrower for purposes of facilitating the servicing of a student education loan, including, but not limited to, assisting a student loan borrower to prevent such borrower from defaulting on obligations arising from the student education loan; or (E) performing other administrative services with respect to a student education loan;

(14) "Student education loan" means any loan primarily for personal use to finance education or other school-related expenses; and

(15) "Unique identifier" has the same meaning as provided in section 36a-485.

Sec. 21. Subsection (d) of section 36a-487 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(d) Any person claiming exemption from licensure under this section may register on the system as an exempt registrant for purposes of sponsoring a mortgage loan originator

or a loan processor or underwriter pursuant to subdivision (1) of subsection (b) of section 36a-486. Such registration shall not affect the exempt status of such person. Each registration shall expire at the close of business on December thirty-first of the year in which it is approved, unless such registration is renewed, and provided any such registration that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a registration shall be filed between November first and December thirty-first of the year in which the registration expires. Each applicant for an initial registration or renewal of a registration shall pay to the system any required fees or charges. All fees paid pursuant to this section shall be nonrefundable. Any approval of such registration, or any approval of any renewal of such registration, shall not constitute a determination by the commissioner that such entity is exempt, but rather shall evidence the commissioner's approval to use the system for purposes of sponsoring and bonding.

Sec. 22. Section 36a-870 of the 2024 Supplement to the General Statutes is repealed and the following is substituted in lieu thereof *(Effective July 1, 2025)*:

(a) Not later than October 1, 2024, each provider and commercial financing broker shall: (1) Register with the Banking Commissioner in a manner prescribed by the commissioner; and (2) unless such provider or broker is organized under the laws of this state or is otherwise not required to obtain authority to transact business in this state as a foreign entity, shall obtain authority to transact business in this state.

(b) An application for registration by a provider or commercial financing broker shall disclose any judgment, memorandum of understanding, cease and desist order or conviction that involves a crime or an act of fraud, breach of trust or money laundering with respect to such provider or broker or any officer, director, manager, operator or individual who otherwise controls the operations of such provider or broker.

(c) **[**Each provider and commercial financing broker shall pay an initial registration fee of one thousand dollars and an annual registration fee of five hundred dollars by the fifteenth of September each year thereafter. If a provider or commercial financing broker fails to timely pay any such annual registration fee, its registration shall automatically expire by operation of law.**]** Each provider and commercial financing broker registration

shall expire at the close of business on December thirty-first of the year in which it is approved, unless such registration is renewed, and provided any such registration that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a registration shall be filed between November first and December thirty-first of the year in which the registration expires. Each applicant for an initial registration or renewal of a registration shall pay to the system any required fees or charges and a registration fee of one thousand dollars. All fees paid pursuant to this section shall be nonrefundable.

Sec. 23. Section 36a-872 of the 2024 Supplement to the General Statutes is repealed and the following is substituted in lieu thereof *(Effective July 1, 2025)*:

(a) **[**Any provider who violates any provision of sections**[**1 to 10**]**, inclusive, of this act or any regulation adopted pursuant to section **[**11 of this act**]** shall be liable for a civil penalty pursuant to section 36a-50 of the general statutes.**]** The commissioner may suspend, revoke or refuse to renew any registration or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, if the commissioner finds that the registrant or any control person, trustee, employee or agent of such registrant has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud or misappropriated funds; (C) violated any provision of this title or of any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such registrant's business.

(b) **[**In addition to any civil penalty imposed under subsection (a) of this section, if the Banking Commissioner finds that a provider has knowingly violated any provision of sections **[**1 to 10**]**, inclusive, **[**of this act**]** or any regulation adopted pursuant to section **[**11 of this act**]**, the commissioner may seek an injunction in a court of competent jurisdiction, and may exercise the powers granted to the commissioner under section 36a-50 of the general statutes, on behalf of any recipient affected by the violation.**]** Whenever it appears to the commissioner that any person has violated, is violating or is about to violate the provisions of sections 36a-862 to 36a-872, as amended by this act, the commissioner may take action against such person or registrant in accordance with sections 36a-50 and 36a-52.

Sec. 24. Section 36a-856 of the 2024 Supplement to the General Statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(a) For purposes of this section:

(1) "Commissioner" means the Banking Commissioner;

(2) "Consumer collection agency" has the same meaning as provided in section 36a-800;

(3) "Postsecondary education expense" means any expense associated with a student's enrollment in, or attendance at, a postsecondary educational institution;

(4) "Private education lender" means any person engaged in the business of making or extending private education loans. "Private education lender" does not include: (A) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union; (B) any wholly owned subsidiary of any such bank or credit union; (C) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same bank or credit union; or (D) the Connecticut Higher Education Supplemental Loan Authority, as described in section 10a-179a;

(5) "Private education loan" means credit that: (A) Is extended to a consumer expressly, in whole or in part, for postsecondary educational expenses, regardless of whether the credit is provided by the postsecondary educational institution that the student attends; and (B) is not made, insured or guaranteed under Title IV of the Higher Education Act of 1965, as amended from time to time. "Private education loan" does not include a loan that is secured by real property, regardless of the purpose of the loan;

(6) "Private education loan borrower" means any resident of the state, including a student loan borrower, who has received or agreed to pay a private education loan for the resident's own postsecondary education expenses;

(7) "Private education loan creditor" means any person to whom a private education loan is sold or assigned, or any person who otherwise acquires a private education loan. "Private education loan creditor" does not include: (A) A bank, as defined in 12 USC 1841(c), as amended from time to time; (B) a Connecticut credit union, a federal credit

union or an out-of-state credit union, as those terms are defined in section 36a-2; (C) a consumer collection agency licensed pursuant to section 36a-801, as amended by this act; (D) a private student loan servicer licensed pursuant to section 36a-847; or (E) any department or agency of the United States, this state, any other state or any political subdivision thereof; and

(8) "Student loan servicer" has the same meaning as provided in section 36a-846, as amended by this act.

(b) Except for a public or private nonprofit postsecondary educational institution, for which the commissioner may prescribe an alternative registration process and fee structure, a private education lender or a private education loan creditor shall, prior to making a private education loan to, or purchasing or assuming a private education loan owed by, a resident of the state:

(1) Register with the commissioner and **[**pay a fee in the form and manner prescribed by the commissioner, which may include registration using the National Multistate Licensing System and Registry and the payment of any fees thereto; and**]** renew such registration for each year that such private education lender or private education loan creditor continues to act as a private education lender or private education loan creditor.

[(2) Renew such registration for each year that such private education lender or private education loan creditor continues to act as a private education lender or private education loan creditor.**]**

(2) Each private education lender and private education loan creditor registration shall expire at the close of business on December thirty-first of the year in which it is approved, unless such registration is renewed, and provided any such registration that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a registration shall be filed between November first and December thirty-first of the year in which the registration expires. Each applicant for an initial registration or renewal of a registration shall pay to the system any required fees or charges and a registration fee of nine hundred dollars. All fees paid pursuant to this section shall be nonrefundable.

(c) For each year in which a private education lender registers with, or renews such registration with, the commissioner pursuant to subsection (b) of this section, such

private education lender shall, at the time of such registration or renewal, and at other times upon the commissioner's request, provide to the commissioner, in the form and manner prescribed by the commissioner, the following documents and information:

(1) A list of all schools attended by the private education loan borrowers with outstanding private education loans made by such private education lender;

(2) The number and dollar amount of all outstanding private education loans such private education lender made to private education loan borrowers;

(3) For each school listed pursuant to subdivision (1) of this subsection, the number and dollar amount of all outstanding private education loans such private education lender made to private education loan borrowers who attended such school;

(4) The number and dollar amount of all private education loans such private education lender made during the prior year to private education loan borrowers;

(5) For each school listed pursuant to subdivision (1) of this subsection, the number and dollar amount of all private education loans such private education lender made during the prior year to private education loan borrowers who attended such school;

(6) The spread of interest rates for the private education loans such private education lender made during the prior year;

(7) The percentage of private education loan borrowers who received each rate within the spread of interest rates provided pursuant to subdivision (6) of this subsection;

(8) The number of private education loans with a cosigner that such private education lender made during the prior year;

(9) The default rate for private education loan borrowers obtaining private education loans from the private education lender, and, for each school listed pursuant to subdivision (1) of this subsection, the default rate for private education loans made to private education loan borrowers who attended such school;

(10) The number of private education loan borrowers against whom such private education lender brought legal action in the prior year to collect a debt owed pursuant to a private education loan, and the amount sought in each such action;

(11) A copy of each model promissory note, agreement, contract or other instrument used by the private education lender during the prior year to substantiate that a new private education loan has been extended to a private education loan borrower or that a private education loan borrower owes a debt to such lender; and

(12) The name and address of: (A) Such private education lender; (B) each officer, director or partner of such private education lender; and (C) each owner of a controlling interest in such private education lender.

(d) For each year in which a private education loan creditor registers with, or renews such registration with, the commissioner pursuant to subsection (b) of this section, such private education loan creditor shall, at the time of such registration or renewal, and at other times upon the commissioner's request, provide to the commissioner, in the form and manner prescribed by the commissioner, the following documents and information:

(1) A list of all schools attended by the private education loan borrowers with outstanding private education loans assumed or acquired by such private education loan creditor;

(2) The number and dollar amount of all outstanding private education loans owed by private education loan borrowers to such private education loan creditor;

(3) For each school listed pursuant to subdivision (1) of this subsection, the number and dollar amount of all outstanding private education loans owed to such private education loan creditor by private education loan borrowers who attended such school;

(4) The number and dollar amount of all private education loans: (A) Such private education loan creditor assumed or acquired during the prior year; and (B) owed to such private education loan creditor by private education loan borrowers;

(5) For each school listed pursuant to subdivision (1) of this subsection, the number and dollar amount of all private education loans: (A) Such private education loan creditor assumed or acquired during the prior year; and (B) owed to such private education loan creditor by private education loan borrowers who attended such school;

(6) The number of private education loans with a cosigner that such private education loan creditor assumed or acquired during the prior year;

(7) The default rate for private education loan borrowers whose private education loans were assumed or acquired by such private education loan creditor, and, for each school listed pursuant to subdivision (1) of this subsection, the default rate for private education loans owed by private education loan borrowers who attended such school;

(8) The number of private education loan borrowers against whom such private education loan creditor brought legal action in the prior year to collect a debt owed pursuant to a private education loan, and the amount sought in each such action; and

(9) The name and address of: (A) Such private education loan creditor; (B) each officer, director or partner of such private education loan creditor; and (C) each owner of a controlling interest in such private education loan creditor.

(e) The commissioner shall create, and periodically update, a publicly accessible Internet web site that includes the following information about private education lenders and private education loan creditors registered in the state:

(1) The name, address, telephone number and Internet web site address for all registered private education lenders and private education loan creditors;

(2) A summary of the information and documents provided pursuant to subsections (c) and (d) of this section; and

(3) Copies of all model promissory notes, agreements, contracts and other instruments provided to the commissioner in accordance with subdivision (11) of subsection (c) of this section.

(f) **[**The commissioner may take action pursuant to section 36a-50 to enforce the provisions of this section.**]** (1) The commissioner may suspend, revoke or refuse to renew any registration or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, if the commissioner finds that the registrant or any control person, trustee, employee or agent of such registrant has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud or misappropriated funds; (C) violated any provision of this title or of any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such registrant's business.

(2) Whenever it appears to the commissioner that any person has violated, is violating

or is about to violate the provisions of this section, the commissioner may take action against such person or registrant in accordance with sections 36a-50 and 36a-52.

(g) (1) The commissioner may order that any person who has been found to have violated any provision of **[**this section**]** title 36a and has thereby caused financial harm to a consumer be barred for a term not exceeding ten years from **[**acting as a private education lender, private education loan creditor**]** engaging in any activity requiring a license or registration under title 36a, or a stockholder, officer, director, partner or other owner or employee of **[**a private education lender or private education loan creditor.**]** any such entity, by sending a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, or by personal delivery, as defined in section 4-166, in accordance with section 36a-52a. The notice shall be deemed received on the earlier of the date of actual receipt or seven days after mailing or sending and in the case of a notice sent by electronic mail, the notice shall be deemed received by the person in accordance with section 36a-52a.

(2) Any such notice issued under subdivision (1) of this subsection shall include: (A) A statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (D) a short and plain statement of the matters asserted; and (E) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice.

(3) If a hearing is requested, in accordance with subdivision (2) of this subsection, within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice, unless the person fails to appear at the hearing. After the hearing, the commissioner shall determine whether an order that the person be barred from acting in such capacity for a term not exceeding ten years should be issued. If such person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner may order that the person be barred from acting in such capacity for a term not exceeding ten years. No such order shall be issued except in accordance with the provisions of chapter 54.

Sec. 25. (NEW) (*Effective October 1, 2025*)

Any mortgage lender, as defined in section 36a-485 of the general statutes, that offers to make a shared appreciation agreement, as defined in section 36a-485 of the general statutes, shall, not later than three business days after the prospective borrower under such proposed agreement submits an application to such mortgage lender for such proposed agreement, disclose to such prospective borrower, in writing:

(1) The following statement, which shall be clear, conspicuous and in at least twelve-point font: "You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage and shared interest in your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan. You may wish to consult an attorney.";

(2) Financial information relevant to the proposed shared appreciation agreement, including, but not limited to, whether such proposed agreement is terminated through repayment, which repayment may include the mortgage lender's receipt of some or all of the proceeds from a sale of the dwelling or residential real estate that is the subject of such proposed agreement if such proposed agreement is terminated by such sale;

(3) Agreement and transaction details for the proposed shared appreciation agreement, including, but not limited to, the mortgage lender's contact information, the transaction amount, the sum of cash to be paid to the prospective borrower, the starting value for appreciation sharing, the term of the proposed agreement and the estimated current fair market value of the dwelling or residential real estate that is the subject of such proposed agreement;

(4) The method of determining the current fair market value of the dwelling or residential real estate that is the subject of the proposed shared appreciation agreement;

(5) The method of determining the final value of the dwelling or residential real estate that is the subject of the proposed shared appreciation agreement upon termination of such proposed agreement;

(6) The interest charged, if applicable;

(7) The limit of the mortgage lender's share of appreciation or equity in the dwelling or residential real estate that is the subject of the proposed shared appreciation agreement;

(8) An advisory that the prospective borrower consult such borrower's tax advisor on the potential tax implications of the proposed shared appreciation agreement;

(9) Repayment examples for the proposed shared appreciation agreement based upon, at minimum:

(A) Settlement of such proposed agreement after five years, ten years, fifteen years and thirty years, in each case up to the maximum term of such proposed agreement; and

(B) (i) No change in the market value of the dwelling or residential real estate that is the subject of such proposed agreement, and (ii) changes in the market value of the dwelling or residential real estate that is the subject of such proposed agreement (I) at the rate of ten per cent total depreciation over the term of such proposed agreement, (II) at the rate of three and one-half per cent appreciation, (III) at the rate of five and one-half per cent appreciation, and (IV) reflecting the actual average rate of appreciation or depreciation for all dwellings or residential real estate in this state during the period that is equal to the term of such proposed agreement and that occurred immediately prior to such term,; and

(10) The following information and corresponding calculations for the proposed shared appreciation agreement, if applicable:

(A) The calculated appreciation amount;

(B) The appreciation-based charge;

(C) The accrued or charged interest;

(D) The principal amount to be repaid;

(E) The mortgage lender's total calculated share of appreciation or equity;

(F) Any limit to the mortgage lender's share of appreciation or equity; and

(G) For each of the repayment scenarios specified in subdivision (9) of this section:

(i) The actual amount of money to be paid by the prospective borrower to the mortgage lender, inclusive of any unconditional administrative fees or reimbursement of protective advances that are required to be paid at the time of the settlement of such proposed

agreement; and

(ii) The total cost to the prospective borrower expressed as an annual percentage rate, to allow the prospective borrower to compare, under each such repayment scenario, the cost at the time of the settlement of such proposed agreement with the cost of a traditional mortgage loan.

Agency Legislative Proposal – 2025 Session
Document Name: DOB – AAC Technical Revisions to Consumer Credit Statutes

Document Name	DOB - AAC Technical Revisions to Consumer Credit Statutes

Legislative Liaison	Matt Smith
Division Requesting This Proposal	Consumer Credit
Drafter	Emily Bochman, Staff Attorney

Title of Proposal	An Act Concerning Technical Revisions to Consumer Credit Statutes
Statutory Reference, if any	36a-498e(b), 36a-719h(b), 36a-2(70), 36a-719(a)
Brief Summary and Statement of Purpose	Minor technical changes to conform the term "qualifying individual" to the equivalent term "qualified individual", within Sections 36a-498e(b) of the 2024 Supplement to the General Statutes and Section 36a-719h(b), as "qualified individual" is described in sections 36a-488(a) and 36a-719, and used elsewhere in the banking statutes; to amend the definition of "system" within Section 36a-2(70) to conform to the current name of NMLS; and to correct a typographical error in the use of the term "application" within Section 36a-719(a) of the 2024 Supplement to the General Statutes.
How does this proposal relate to the agency's mission?	Improves accuracy and consistency of the general statutes.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 1 of this proposal amends the term "qualifying individual" in Section 36a-498e(b) of the 2024 Supplement to the General Statutes to conform to the equivalent term, "qualified individual" used in Sections 36a-486 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a 534b, and specifically described in Section 36a 488(a)(1).

Section 2 of this proposal amends the term "qualifying individual" in Section 36a-719h(b) to conform to the equivalent term, "qualified individual," used in Sections 36a-715 to 36a-719l, inclusive, and specifically described in Section 36a-719(a).

Section 3 of this proposal amends a portion of the definition of the term "system" in Section 36a-2(70) from reference to NMLS as the "Nationwide Mortgage Licensing System and Registry" to the "Nationwide Multistate Licensing System and Registry". NMLS changed its name in 2012 to the "Nationwide Multistate Licensing System and Registry" to reflect that NMLS is now used to regulate entities and license types beyond solely mortgage.

Section 4 of this proposal amends the term "application" within Section 36a-719 of the 2024 Supplement to the General Statutes to the more appropriate term "applicant", the original term appearing to be the result of typographical error.

BACKGROUND

Origin of Proposal [x] New Proposal [ ] Resubmission

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	N/A
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	N/A
Have certain constituencies called for this proposal?	N/A

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[x] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[x] Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

ONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[x] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

Section 1. Subsection (b) of section 36a-498e of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(b) (1) No person, other than an individual, who is required to be licensed and is subject to sections 36a-485 to 36a-498h, inclusive, 36a-534a and 36a-534b, and no [qualifying] qualified individual or branch manager shall fail to establish, enforce and maintain policies and procedures reasonably designed to achieve compliance with subsection (a) of this section.

(2) No individual who (A) is required to be licensed as a mortgage loan originator, (B) is subject to sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b, and (C) supervises loan processors or loan underwriters shall fail to enforce any policies and procedures established in accordance with subdivision (1) of this subsection.

(3) No violation of this subsection shall be found unless the failure to establish, enforce and maintain policies and procedures resulted in conduct in violation of sections 36a-485 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a-534b, inclusive, or rules or regulations adopted under said sections or any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under said sections.

Sec. 2. Subsection (b) of section 36a-719h of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(b) No mortgage servicer shall fail to establish, enforce and maintain policies and procedures reasonably designed to achieve compliance with subsection (a) of this section, and no [qualifying] qualified individual or branch manager for such mortgage servicer shall fail to enforce such policies and procedures. No violation of this subsection shall be found unless the mortgage servicer, [qualifying] qualified individual or branch manager's failure to establish, enforce or maintain policies and procedures resulted in conduct in violation of sections 36a-715 to 36a-724, inclusive, or rules or regulations adopted under said sections or any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under said sections.

Sec. 3. Subdivision (70) of section 36a-2 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

(70) "System" means the Nationwide [Mortgage] Multistate Licensing System and Registry, NMLS, NMLSR or such other name or acronym as may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries;

Sec. 4. Subsection (a) of section 36a-719 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof *(Effective October 1, 2025)*:

The commissioner shall issue a mortgage servicer license to an applicant for such license if the commissioner finds that: (1) The applicant has identified a qualified individual for its main office and a branch manager for each branch office where such business is conducted, provided such qualified individual and branch manager have supervisory authority over the mortgage servicer activities at the respective office location and at least three years' experience in the mortgage servicing business within the five years immediately preceding the date of the application for licensure; (2) notwithstanding the provisions of section 46a-80, the applicant, the control persons of the applicant, the qualified individual and any branch manager have not been convicted of or pled guilty or nolo contendere to, in a domestic, foreign or military court, a felony during the seven-year period preceding the date of the application for licensing or a felony involving an act of fraud or dishonesty, a breach of trust or money laundering at any time preceding the date of application, provided any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (3) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant, the qualified individual and any branch manager command the confidence of the community and warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-715 to 36a-719*l*, inclusive; (4) the applicant has met the surety bond, fidelity bond and errors and omissions coverage requirement under section 36a-719c; (5) the applicant, the control persons of the applicant, the qualified individual and any branch manager have not made a material misstatement in the application; and (6) the applicant has met any other similar requirements as determined by the commissioner. If the commissioner

fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. The commissioner may waive the requirements of subdivision (1) of this subsection relating to the supervision and experience of (A) a qualified individual where the applicant establishes to the satisfaction of the commissioner that the applicant (i) will not conduct any activity subject to licensure under sections 36a-715 to 36a-719*l*, inclusive, at the main office, and (ii) has designated a qualified individual who is responsible for the actions of the applicant; and (B) a qualified individual or a branch manager where the applicant establishes to the satisfaction of the commissioner that the applicant (i) holds only mortgage servicing rights at the main office or branch office and conducts no other activity at such office, and (ii) has designated a qualified individual or branch manager at such main office or branch office who is responsible for the actions of the [application] applicant. No person licensed as a mortgage servicer and granted a waiver by the commissioner shall engage in any activity that would have precluded the issuance of such waiver without first designating a qualified individual or branch manager, as the case may be, who meets all applicable requirements of subdivision (1) of this subsection and is approved by the commissioner. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event such jurisdiction does not use the term "felony", "pardon" or "expungement", such terms shall include legally equivalent events. For purposes of subdivision (1) of this subsection, "experience in the mortgage servicing business" means paid experience in the (I) servicing of mortgage loans, (II) accounting, receipt and processing of payments on behalf of mortgagees or creditors, or (III) supervision of such activities, or any other relevant experience as determined by the commissioner.

Agency Legislative Proposal – 2025 Session
Document Name: DOB – AAC A Registration Exemption for Merger and Acquisitions Broker-Dealers

Document Name	DOB - AN ACT CREATING A REGISTRATION EXEMPTION FOR MERGER AND ACQUISITIONS BROKER-DEALERS

Legislative Liaison	Matt Smith
Division Requesting This Proposal	Securities and Business Investments
Drafter	Cynthia Antanaitis

Title of Proposal	AN ACT CREATING A REGISTRATION EXEMPTION FOR MERGER AND ACQUISITIONS BROKER-DEALERS
Statutory Reference, if any	C.G.S. Section 36b-6 [new subsection (f)]
Brief Summary and Statement of Purpose	This proposal creates a state broker-dealer registration exemption for merger and acquisitions broker-dealers who facilitate a change in control of private companies. The proposal substantially mirrors that adopted by Congress in December 2022 as part of the Consolidated Appropriations Act of 2023.
How does this proposal relate to the agency's mission?	In a time of economic uncertainty, this proposal makes it easier for private companies to transfer ownership of their businesses through a merger and acquisitions broker.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

Section 36b-6 of the Connecticut Uniform Securities Act was renumbered to create a new exemption from registration for merger and acquisitions broker-dealers whose business focuses on helping privately held companies transfer ownership of their businesses. A merger and acquisition broker-dealer ("M&A Broker") is a broker-dealer whose business focuses on helping privately held companies transfer ownership of their businesses. The ownership transfer may be accomplished through the purchase or exchange of securities or through a business combination. The securities of privately held companies are not publicly traded. In addition, privately held companies are not subject to the periodic reporting requirements under Section 12 of the Securities Exchange Act of 1934. Historically, both the states and the federal government (Securities and Exchange Commission) registered M&A broker-dealers as broker-dealers under state and federal securities laws. In 2014, the SEC issued a letter stating that it would take no enforcement action if certain broker-dealers conducting mergers and acquisitions activity did not register federally as broker-dealers. The no-action letter set out specific conditions the broker-dealer would have to meet to be eligible. In 2015, the North American Securities Administrators Association, Inc., an association comprised of state securities regulators, crafted a model rule patterned after the 2014 SEC no-action letter. Over 20 states followed suit in permitting an exemption based on the SEC no-action letter and the NASAA model (Alaska, Arkansas, California, Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont). On December 29, 2022, President Biden signed into the law the Consolidated Appropriations Act of 2023 ("CAA"). The CAA provided a new federal exemption in Section 15(b)(13) of the Securities Exchange Act for certain merger and acquisition brokers facilitating a change in control of private companies. (The CAA did not

provide a generic exemption for other capital raising activities.) The amendment became effective on March 29, 2023. The fact that the CAA did not provide a wholesale exemption for capital raising (e.g. by finders) is significant. Rather, the CAA focuses on change of control transactions which help small businesses consolidate. Shortly after the amendment became law, the SEC withdrew its 2014 no-action letter. The CAA did not preempt state law. The current legislative proposal creates a parallel state registration exemption for M&A Brokers and their agents. Like its federal counterpart, it defines "eligible privately held company" to encompass nonpublic, federally nonreporting entities whose earnings are less than $25 million and whose gross revenues are less than $250 million. Both the Connecticut proposal and the federal CAA hold the M&A Broker to a "reasonable belief" standard before it may claim the exemption. Specifically, the M&A Broker must reasonably believe that 1) when the transaction is completed, the person acquiring the eligible privately held company's assets will be actively involved in managing the company; and 2) if the transaction involves an exchange of securities or assets, the acquiring party will be provided with financial information on the issuer before being bound. Under C.G.S. Section 36b-21(g), the M&A Broker has the burden of proving the exemption. The draft proposal does not contain a specific filing requirement. Both the Connecticut proposal and the federal CAA exemption cut off a merger and acquisition broker-dealer's ability to use the exemption if:

1. The M&A Broker receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction
2. The M&A Broker engages in a public offering of a class of securities that must be registered with the SEC under Section 12 of the Securities Exchange Act of 1934 or that are subject to federal reporting requirements
3. The transaction involves a shell company (other than a business combination related shell company). A shell company is one with no or nominal operations; no or nominal assets; or assets consisting solely of cash and cash equivalents. A business combination related shell

company is limited to companies formed by a non-shell company to affect a corporate domicile change in the U.S. or effect a business combination involving a non-shell company.

4. The M&A Broker (alone or through its affiliates) provides financing relating to the ownership transfer
5. The M&A Broker helps any party to obtain financing from an unaffiliated third party without complying with applicable laws, including Regulation T (12 C.F.R. 220 et seq.) [extension of credit by securities broker-dealers], and disclosing any compensation in writing to the party
6. Where the M&A Broker represents both the buyer and the seller in the same transaction, not providing clear written disclosure as to the parties the broker-dealer represents and obtaining written consent from both parties to the joint representation
7. The M&A Broker facilitates a transaction with a group of buyers formed with the assistance of the M&A Broker to acquire the eligible privately held company
8. The M&A Broker facilitates an ownership transfer to a passive buyer or group of passive buyers
9. The M&A Broker binds a party to a transfer of ownership of an eligible privately held company.

The federal CAA disqualifies a M&A broker-dealer from using the exemption if it or its associated persons is subject to a bar or suspension. The Connecticut proposal provides additional safeguards by extending the disqualifier to those sanctions described in subparagraphs (C), (D), (E) or (F) of section 36b-15(a)(2) of the general statutes. These sanctions, which would support suspension or revocation proceedings under Connecticut's securities law, include criminal felony convictions and injunctions.

BACKGROUND

Origin of Proposal [ ] New Proposal [**X**] Resubmission

Included as part of Raised Bill No. 124, February Session, 2024 (LCO No. 1091). Bill did not move forward due to legislative timing issues. The current bill is identical to the one previously submitted.

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	Codification of federal registration exemption for merger and acquisitions brokers prompted agency review of the matter.
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	See Section by Section Summary, above.
Have certain constituencies called for this proposal?	Over the years, there have been several securities bar association inquiries concerning how the Commissioner treats merger and acquisition broker-dealers.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[**X**] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[**X**] Check here if this proposal does NOT have a fiscal impact

State	Not known. The universe of merger and acquisition brokers is relatively small. The proposal is circumscribed in that it is limited to firms effecting a privately held company's change of control (versus capital raising activities).
Municipal (Include any municipal mandate that can be found within legislation)	Not known.

Federal	Federal counterpart enacted in 2022.
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Section 36b-6 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective upon passage)*:

(a) No person shall transact business in this state as a broker-dealer unless such person is registered under sections 36b-2 to 36b-34, inclusive. No person shall transact business in this state as a broker-dealer in contravention of a sanction that is currently effective imposed by the Securities and Exchange Commission or by a self-regulatory organization of which such person is a member if the sanction would prohibit such person from effecting transactions in securities in this state. No individual shall transact business as an agent in this state unless such individual is (1) registered as an agent of the broker-dealer or issuer whom such individual represents in transacting such business, or (2) an associated person who represents a broker-dealer in effecting transactions described in subdivisions (3) and (4) of Section 15(i) of the Securities Exchange Act of 1934. No individual shall transact business in this state as an agent of a broker-dealer in contravention of a sanction that is currently effective imposed by the Securities and Exchange Commission or a self-regulatory organization of which the employing broker-dealer is a member if the sanction would prohibit the individual employed by such broker-dealer from effecting transactions in securities in this state.

(b) No issuer shall employ an agent unless such agent is registered under sections 36b-2 to 36b-34, inclusive. No broker-dealer shall employ an agent unless such agent is (1) registered under sections 36b-2 to 36b-34, inclusive, or (2) an associated person who represents a broker-dealer in effecting transactions described in subdivisions (2) and (3) of Section 15(h) of the Securities Exchange Act of 1934. The registration of an agent is not effective during any period when such agent is not associated with a particular broker-dealer registered under sections 36b-2 to 36b-34, inclusive, or a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make such individual an agent, both the agent and the broker-dealer or issuer shall promptly notify the commissioner.

(c) (1) No person shall transact business in this state as an investment adviser unless registered as such by the commissioner as provided in sections 36b-2 to 36b-34, inclusive, or

exempted pursuant to subsection (e) of this section. No person shall transact business, directly or indirectly, in this state as an investment adviser if the registration of such investment adviser is suspended or revoked or, in the case of an investment adviser who is an individual, the investment adviser is barred from employment or association with an investment adviser or broker-dealer by order of the commissioner, the Securities and Exchange Commission or a self-regulatory organization.

(2) No individual shall transact business in this state as an investment adviser agent unless such individual is registered as an investment adviser agent of the investment adviser for which such individual acts in transacting such business. An investment adviser agent registered under sections 36b-2 to 36b-34, inclusive, who refers advisory clients to another investment adviser registered under said sections 36b-2 to 36b-34, inclusive, or to an investment adviser registered with the Securities and Exchange Commission that has filed a notice under subsection (e) of this section, is not required to register as an investment adviser agent of such investment adviser if the only compensation paid for such referral services is paid to the investment adviser with whom the individual is employed or associated. No individual shall transact business, directly or indirectly, in this state as an investment adviser agent on behalf of an investment adviser if the registration of such individual as an investment adviser agent is suspended or revoked or the individual is barred from employment or association with an investment adviser by an order of the commissioner, the Securities and Exchange Commission or a self-regulatory organization.

(3) No investment adviser shall engage an investment adviser agent unless such investment adviser agent is registered under sections 36b-2 to 36b-34, inclusive. The registration of an investment adviser agent is not effective during any period when such investment adviser agent is not associated with a particular investment adviser. When an investment adviser agent begins or terminates a connection with an investment adviser, both the investment adviser agent and the investment adviser shall promptly notify the commissioner. If an investment adviser or investment adviser agent provides such notice, such investment adviser or investment adviser agent shall not be liable for the failure of the other to give such notice.

(d) No broker-dealer or investment adviser shall transact business from any place of business located within this state unless that place of business is registered as a branch office with the commissioner pursuant to this subsection. An application for branch office registration shall be made on forms prescribed by the commissioner and shall be filed with the commissioner, together with a nonrefundable application fee of one hundred twenty-five dollars per branch

office. A broker-dealer or investment adviser shall promptly notify the commissioner in writing if such broker-dealer or investment adviser (1) engages a new manager at a branch office in this state, (2) acquires a branch office of another broker-dealer or investment adviser in this state, or (3) relocates a branch office in this state. In the case of a branch office acquisition or relocation, such broker-dealer or investment adviser shall pay to the commissioner a nonrefundable fee of one hundred twenty-five dollars. Each registrant or applicant for branch office registration shall pay the actual cost, as determined by the commissioner, of any reasonable investigation or examination made of such registrant or applicant by or on behalf of the commissioner.

(e) The following investment advisers are exempted from the registration requirements under subsection (c) of this section: Any investment adviser that (1) is registered or required to be registered under Section 203 of the Investment Advisers Act of 1940; (2) is excepted from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940; or (3) has no place of business in this state and, during the preceding twelve months, has had no more than five clients who are residents of this state. Any investment adviser claiming an exemption pursuant to subdivision (1) of this subsection that is not otherwise excluded under subsection (11) of section 36b-3, shall first file with the commissioner a notice of exemption together with a consent to service of process as required by subsection (g) of section 36b-33 and shall pay to the commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner a nonrefundable fee of two hundred seventy-five dollars. The notice of exemption shall contain such information as the commissioner may require. Such notice of exemption shall be valid until December thirty-first of the calendar year in which it was first filed and may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee of one hundred seventy-five dollars. If any investment adviser that is exempted from registration pursuant to subdivision (1) of this subsection fails or refuses to pay any fee required by this subsection, the commissioner may require such investment adviser to register pursuant to subsection (c) of this section. For purposes of this subsection, a delay in the payment of a fee or an underpayment of a fee which is promptly remedied shall not constitute a failure or refusal to pay such fee.

(f) (1) A merger and acquisition broker-dealer and those individuals representing the merger and acquisition broker-dealer solely in performing the services described in this subsection shall be exempt from the registration requirements in subsections (a) and (d) of this section unless the merger and acquisition broker is disqualified under subdivisions (3) or (4) of this subsection.

(2)(A) "Merger and acquisition broker-dealer" means a broker-dealer and any person associated with such broker-dealer who, on behalf of a seller or buyer, engages in the business of effecting securities transactions solely in connection with the transfer of ownership of an eligible privately held company, through the purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the eligible privately held company. To meet this definition, (i) the broker-dealer must reasonably believe that, when the transaction is consummated, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert, will control the eligible privately held company or the business conducted with the assets of the eligible privately held company and, directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company. A person shall be deemed active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company when such person's activities include, without limitation, electing executive officers, approving the annual budget or serving as an executive or other executive manager; and (ii) if any person is offered securities in exchange for securities or assets of the eligible privately held company, such person will, prior to becoming legally bound to consummate the transaction, receive or have reasonable access to the most recent fiscal year-end financial statements of the issuer of the securities as customarily prepared by its management in the normal course of operations and, if the financial statements of the issuer are audited, reviewed, or compiled, any related statement by the independent accountant; a balance sheet dated not more than 120 days before the date of the exchange offer; and information pertaining to the management, business, results of operations for the period covered by the foregoing financial statements, and any material loss contingencies of the issuer.

(B) "Control" means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. There shall be a presumption of control if, upon completion of a transaction, the buyer or group of buyers (i) has the right to vote 25 percent or more of a class of voting securities or the power to sell or direct the sale of 25 percent or more of a class of voting securities; or (ii) in the case of a partnership or limited liability company, has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital.

(C) "Eligible privately held company" means a company that (A) does not have any class of securities registered, or required to be registered, with the United States Securities and Exchange Commission under Section 12 of the Securities Exchange Act of 1934, 15 U.S.C. 78l, or with

respect to which the company files, or is required to file, periodic information, documents, and reports under 15 U.S.C. 78o(d); and (B) that, in the fiscal year ending immediately prior to the fiscal year when the services of the merger and acquisition broker-dealer are first engaged with respect to the securities transaction, the company meets either or both of the following conditions (determined in accordance with the historical financial accounting records of the company): (i) company earnings before interest, taxes, depreciation, and amortization are less than $25 million or such other amount as the federal Securities and Exchange Commission by rule determines; and (ii) company gross revenues are less than $250 million or such other amount as the federal Securities and Exchange Commission by rule determines.

(3) A merger and acquisitions broker-dealer shall be ineligible to claim an exemption from registration under this subsection under the following circumstances: (A) the merger and acquisition broker-dealer, directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction; (B) the merger and acquisition broker-dealer engages, on behalf of an issuer, in a public offering of any class of securities that is registered, or is required to be registered, with the United States Securities and Exchange Commission under Section 12 of the Securities Exchange Act of 1934, 15 U.S.C. 78l, or with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d) of Section 15 of the Securities Exchange Act of 1934, 15 U.S.C. 78o(d); (C) the merger and acquisitions broker-dealer engages, on behalf of any party, in a transaction involving a shell company, other than a business combination related shell company. "Shell company" means a company that, at the time of a transaction with an eligible privately held company, has no or nominal operations and has no or nominal assets, assets consisting solely of cash and cash and cash equivalents or assets consisting of any amount of cash and cash equivalents and nominal other assets. "Business combination related shell company" means a shell company formed by a non-shell company solely for the purpose of changing the corporate domicile of that entity solely within the United States or solely for the purpose of completing a business combination transaction, as defined in 17 C.F.R. 230.165(f), among one or more entities other than the company itself, none of which is a shell company; (D) the merger and acquisition broker-dealer, directly, or indirectly through any of its affiliates, provides financing related to the transfer of ownership of an eligible privately held company; (E) the merger and acquisition broker-dealer helps any party to obtain financing from an unaffiliated third party without complying with all other applicable laws in connection with

such assistance, including, if applicable, Regulation T (12 C.F.R. 220 et seq.), and disclosing any compensation in writing to the party; (F) the merger and acquisition broker-dealer represents both the buyer and the seller in the same transaction without providing clear written disclosure as to the parties the broker-dealer represents and obtaining written consent from both parties to the joint representation; (G) the merger and acquisition broker-dealer facilitates a transaction with a group of buyers formed with the assistance of the merger and acquisitions broker-dealer to acquire the eligible privately held company; (H) the merger and acquisition broker-dealer engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers; and (I) the merger and acquisition broker-dealer binds a party to a transfer of ownership of an eligible privately held company.

(4) A merger and acquisitions broker-dealer shall also be ineligible to claim an exemption from registration under this subsection if it or any its officers, directors, members, managers, partners, control persons or employees) is subject to a sanction described in subparagraphs (C), (D), (E) or (F) of section 36b-15(a)(2) of the general statutes;

[(f)] (g) Any broker-dealer or investment adviser ceasing to transact business at any branch office or main office in this state shall, in addition to providing written notice to the commissioner prior to the termination of business activity at that office, (1) provide written notice to each customer or client serviced by such office at least ten business days prior to the termination of business activity at that office, or (2) demonstrate to the commissioner, in writing, the reasons why such notice to customers or clients cannot be provided within the time prescribed. If the commissioner finds that the broker-dealer or investment adviser cannot provide notice to customers or clients at least ten business days prior to the termination of business activity, the commissioner may exempt the broker-dealer or investment adviser from giving such notice. The commissioner shall act upon a request for such exemption within five business days following receipt by the commissioner of the written request for such an exemption. The notice to customers or clients shall contain the following information: The date and reasons why business activity will terminate at the office; if applicable, a description of the procedure the customer or client may follow to maintain the customer's account at any other office of the broker-dealer or investment adviser; the procedure for transferring the customer's or client's account to another broker-dealer or investment adviser; and the procedure for making delivery to the customer or client of any funds or securities held by the broker-dealer or investment adviser.

[(g)] (h) Any broker-dealer or investment adviser ceasing to transact business at any branch office or main office in this state as a result of executing an agreement and plan of merger or acquisition shall provide written notice to the commissioner and to each customer or client serviced by such office not later than the date such merger or acquisition is completed. The notice provided to each customer or client shall contain the information specified in subsection (f) of this section.

[(h)] (i) Any broker-dealer or investment adviser ceasing to transact business at any branch office or main office in this state as a result of the commencement of a bankruptcy proceeding by such broker-dealer or investment adviser or by a creditor or creditors of such broker-dealer or investment adviser shall, immediately upon the filing of a petition with the bankruptcy court, provide written notice to the commissioner. The commissioner shall determine the time and manner in which notice shall be provided to each customer or client serviced by such office.

[(i)] (j)(1) A broker-dealer or investment adviser may succeed to the current registration of another broker-dealer or investment adviser or to a notice filing of an investment adviser registered with the Securities and Exchange Commission, and an investment adviser registered with the Securities and Exchange Commission may succeed to the current registration of an investment adviser or to a notice filing of another investment adviser registered with the Securities and Exchange Commission, by filing as a successor an application for registration pursuant to section 36b-7 or a notice pursuant to subsection (e) of this section for the unexpired portion of the current registration or notice filing and paying the fee required by subsection (a) of section 36b-12.

(2) A broker-dealer or investment adviser that changes its form of organization or state of incorporation or organization may continue its registration by filing an amendment to its registration if the change does not involve a material change in its management. The amendment shall become effective when filed or on a date designated by the registrant in its filing. The new organization shall be a successor to the original registrant for the purposes of sections 36b-2 to 36b-34, inclusive. If there is a material change in management, the broker-dealer or investment adviser shall file a new application for registration. A predecessor registered under sections 36b-2 to 36b-34, inclusive, shall stop conducting its securities business or investment advisory business other than winding down transactions and shall file for withdrawal of its broker-dealer or investment adviser registration not later than forty-five days after filing its amendment to effect succession.

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

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

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

[(j)**]** (k) The commissioner may, by regulation adopted, in accordance with chapter 54, or order, require an agent or investment adviser agent to participate in a continuing education program approved by the Securities and Exchange Commission and administered by a self-regulatory organization or, in the absence of such a program, the commissioner may require continuing education for registered investment adviser agents by regulation or order.

[(k)**]** (l) For purposes of subsections (d), **[**(f)**]**, (g), **[**and**]** (h) and (i) of this section, "investment adviser" means an investment adviser registered or required to be registered with the commissioner.

[(l)**]** (m) The commissioner may by rule, regulation or order, conditionally or unconditionally, exempt from the requirements of this section any person or class of persons upon a finding that such exemption is in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this chapter.

Agency Legislative Proposal – 2025 Session
Document Name: DOB - AAC Enforcement Powers of the Commissioner Under the Connecticut Uniform Securities Act

Document Name	DB - AAC Enforcement Powers of the Commissioner Under the Connecticut Uniform Securities Act

Legislative Liaison	Matt Smith
Division Requesting This Proposal	Securities and Business Investments Division
Drafter	Cynthia Antanaitis

Title of Proposal	An Act Concerning the Enforcement Powers of the Commissioner Under the Connecticut Uniform Securities Act
Statutory Reference, if any	C.G.S. Section 36b-15(a)
Brief Summary and Statement of Purpose	This proposal would authorize the Banking Commissioner to censure or bar a registered securities broker-dealer, agent, investment adviser or investment adviser agent based upon the grounds enumerated in Section 36b-15(a), subject to the registrant's right to request a hearing.
How does this proposal relate to the agency's mission?	The proposal enhances the tools available to the Commissioner to promote investor protection.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

This proposal amends Section 36b-15(a) of the Connecticut Uniform Securities Act to provide the Banking Commissioner with more flexibility in the sanctions that he may impose against registrants. The Banking Commissioner is responsible for registering (licensing) broker-dealers, investment advisers, agents and investment adviser agents. Currently, in an administrative proceeding, the Commissioner may only deny a registration, revoke a registration, suspend a registration or condition the registration. The Connecticut Uniform Securities Act does not expressly authorize the Commissioner to enter an order censuring the registrant or barring the registrant from the securities business. While the Commissioner has negotiated a bar or censure in voluntarily executed Consent Orders, not every respondent desires to settle a matter informally with the department. This bill would amend Section 36b-15(a) of the Connecticut Uniform Securities Act to permit the Commissioner to impose a censure or bar against a registrant and its principals if grounds exist to revoke or suspend the registration under Section 36b-15(a) of the Act. The affected party would have an opportunity to request a formal administrative hearing before the censure or bar may be imposed. A censure or bar may be sought independently of, or as a supplement to, a revocation. Including a censure and bar among the remedies available to the Commissioner is consistent with the approach taken by other states which authorize a censure or bar against registrants in their securities laws, although the exact language in their statutes varies. These states include: Alaska, California, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont and Wisconsin. In addition, the SEC (under the Investment Advisers Act of 1940 and the Securities Exchange Act of 1934) has statutory power to issue a censure or bar.

BACKGROUND

Origin of Proposal [ ] New Proposal [**X**] Resubmission

Included as part of Raised Bill No. 124, February Session, 2024 (LCO No. 1091). Bill did not move forward due to legislative timing issues. Current proposal is identical to prior submission.

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	No.
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	See Section by Section Summary, above.
Have certain constituencies called for this proposal?	No. This is an agency-initiated proposal.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[X] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[X] Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Subsection (a) of section 36b-15 of the General Statutes is repealed and the following is substituted in lieu thereof *(Effective upon passage):*

(a) The commissioner may, by order, deny, suspend or revoke any registration, censure or impose a bar upon any registrant or any partner, officer, or director or any person directly or indirectly controlling the registrant, or, by order, restrict or impose conditions on the securities or investment advisory activities that an applicant or registrant may perform in this state if the commissioner finds that (1) the order is in the public interest, and (2) the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser: (A) Has filed an application for registration which as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact; (B) has wilfully violated or wilfully failed to comply with any provision of sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any regulation or order under said sections or a predecessor statute; (C) has been convicted, within the past ten years, of any misdemeanor involving a security, any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance, or any felony, provided any denial, suspension or revocation of such registration shall be in accordance with the provisions of section 46a-80; (D) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance; (E) is the subject of a cease and desist order of the commissioner or an order of the commissioner denying, suspending, or revoking registration as a broker-dealer, agent, investment adviser or investment adviser agent; (F) is the subject of any of the following sanctions that are currently effective or were imposed within the past ten years: (i) An order issued by the securities administrator of any other state or by the Securities and Exchange Commission or the Commodity Futures Trading Commission denying, suspending or revoking registration as a broker-dealer, agent, investment adviser, investment adviser agent

or a person required to be registered under the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, and the rules and regulations thereunder, or the substantial equivalent of those terms, as defined in sections 36b-2 to 36b-34, inclusive, (ii) an order of the Securities and Exchange Commission or Commodity Futures Trading Commission suspending or expelling such applicant, registrant or person from a national securities or commodities exchange or national securities or commodities association registered under the Securities Exchange Act of 1934 or the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, or, in the case of an individual, an order of the Securities and Exchange Commission or an equivalent order of the Commodity Futures Trading Commission barring such individual from association with a broker-dealer or an investment adviser, (iii) a suspension, expulsion or other sanction issued by a national securities exchange or other self-regulatory organization registered under federal laws administered by the Securities and Exchange Commission or the Commodity Futures Trading Commission if the effect of the sanction has not been stayed or overturned by appeal or otherwise, (iv) a United States Post Office fraud order, (v) a denial, suspension, revocation or other sanction issued by the commissioner or any other state or federal financial services regulator based upon nonsecurities violations of any state or federal law under which a business involving investments, franchises, business opportunities, insurance, banking or finance is regulated, or (vi) a cease and desist order entered by the Securities and Exchange Commission, a self-regulatory organization or the securities agency or administrator of any other state or Canadian province or territory; but the commissioner may not (I) institute a revocation or suspension proceeding under this subparagraph more than five years from the date of the sanction relied on, and (II) enter an order under this subparagraph on the basis of an order under any other state act unless that order was based on facts which would constitute a ground for an order under this section; (G) may be denied registration under federal law as a broker-dealer, agent, investment adviser, investment adviser agent or as a person required to be registered under the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, and the rules and regulations promulgated thereunder, or the substantial equivalent of those terms as defined in sections 36b-2 to 36b-34, inclusive; (H) has engaged in fraudulent, dishonest or unethical practices in the securities, commodities, investment, franchise, business opportunity, banking, finance or insurance business, including abusive sales practices in the business dealings of such applicant, registrant or person with current or prospective customers or clients; (I) is insolvent, either in the sense that the liabilities of such applicant, registrant or person exceed the assets of such applicant, registrant or person, or in the sense that such applicant, registrant or person cannot meet the obligations of such applicant, registrant or

person as they mature; but the commissioner may not enter an order against a broker-dealer or investment adviser under this subparagraph without a finding of insolvency as to the broker-dealer or investment adviser; (J) is not qualified on the basis of such factors as training, experience, and knowledge of the securities business, except as otherwise provided in subsection (b) of this section; (K) has failed reasonably to supervise: (i) The agents or investment adviser agents of such applicant or registrant, if the applicant or registrant is a broker-dealer or investment adviser; or (ii) the agents of a broker-dealer or investment adviser agents of an investment adviser, if such applicant, registrant or other person is or was an agent, investment adviser agent or other person charged with exercising supervisory authority on behalf of a broker-dealer or investment adviser; (L) in connection with any investigation conducted pursuant to section 36b-26 or any examination under subsection (d) of section 36b-14, has made any material misrepresentation to the commissioner or upon request made by the commissioner, has withheld or concealed material information from, or refused to furnish material information to the commissioner, provided, there shall be a rebuttable presumption that any records, including, but not limited to, written, visual, audio, magnetic or electronic records, computer printouts and software, and any other documents, that are withheld or concealed from the commissioner in connection with any such investigation or examination are material, unless such presumption is rebutted by substantial evidence; (M) has wilfully aided, abetted, counseled, commanded, induced or procured a violation of any provision of sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any regulation or order under such sections or a predecessor statute; (N) after notice and opportunity for a hearing, has been found within the previous ten years: (i) By a court of competent jurisdiction, to have wilfully violated the laws of a foreign jurisdiction under which the business of securities, commodities, investments, franchises, business opportunities, insurance, banking or finance is regulated; (ii) to have been the subject of an order of a securities regulator of a foreign jurisdiction denying, revoking or suspending the right to engage in the business of securities as a broker-dealer, agent, investment adviser, investment adviser agent or similar person; or (iii) to have been suspended or expelled from membership by or participation in a securities exchange or securities association operating under the securities laws of a foreign jurisdiction. As used in this subparagraph, "foreign" means a jurisdiction outside of the United States; or (O) has failed to pay the proper filing fee; but the commissioner may enter only a denial order under this subparagraph, and the commissioner shall vacate any such order when the deficiency has been corrected. The commissioner may not institute a suspension or revocation proceeding on the basis of a fact or transaction known to the commissioner when the registration became effective unless the

proceeding is instituted within one hundred eighty days of the effective date of such registration.

Document Name	**DOB - An Act Concerning Securities Offerings Under Tier 2 of Federal Regulation A**

Legislative Liaison	Matt Smith
Division Requesting This Proposal	Securities and Business Investments Division
Drafter	Cynthia Antanaitis

Title of Proposal	An Act Concerning Securities Offerings Under Tier 2 of Federal Regulation A
Statutory Reference, if any	C.G.S. Section 36b-21
Brief Summary and Statement of Purpose	Regulation A, promulgated under the federal Securities Act of 1933, is a federal exemption from securities registration. Before 2015, the total amount of money that could be raised in a Regulation A securities offering was $5 million. Regulation A offerings were registered under the Connecticut Uniform Securities Act. The filing fee ranged from $300 to $1,500 (sliding scale). Effective June 19, 2015, to implement the Jumpstart Our Business Startups Act, the SEC by rule raised the monetary amount issuers could raise in a Regulation A offering. (The federal monetary amount was later raised from the initial 2015 amount.) The SEC accomplished this by creating two offering tiers: 1) Tier 1, for offerings up to $20 million in a 12-month period; and 2) Tier 2 for offerings up to $75 million in a 12-month period. In its rule, the SEC indicated that Tier 2 offerings to qualified purchasers would be preempted from state review under Section

	18(b)(3) of the Securities Act of 1933. Such preempted securities are referred to as "covered securities." The states, however, could impose notice filing and fee requirements for Tier 2 offerings. Tier 1 offerings, on the other hand, would remain subject to state registration requirements. The proposed amendment would revise Section 36b-21(d) of the Connecticut Uniform Securities Act to add notice filing and fee requirements for offerings made pursuant to Tier 2 of federal Regulation A. The amendment was patterned after the North American Securities Administrators Association, Inc.'s Model Rule and Uniform Notice Filing Form proposal for Regulation A - Tier 2 offerings.
How does this proposal relate to the agency's mission?	The proposal brings Connecticut in line with other states that have required notice filings for Regulation A Tier 2 offerings.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate

The proposal amends Section 36b-21(d) of the Connecticut Uniform Securities Act to require a notice filing and fee for offerings made pursuant to Regulation A Tier 2. The initial notice filing fee and the renewal notice filing fee were set at $250. The majority of states have adopted notice filing and fee provisions for Regulation A Tier 2 offerings (see, e.g., Arizona, Arkansas, California, Colorado, Delaware, the District of Columbia, Idaho, Iowa, Kentucky, Maine, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington State, West Virginia and Wyoming)

BACKGROUND

Origin of Proposal [ ] New Proposal [**X**] Resubmission

Included as part of Raised Bill No. 124, February Session, 2024 (LCO No. 1091). Bill did not move forward due to legislative timing issues. Bill is identical to the prior one proposed.

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	No federal mandate that notice filings be imposed (notice filings permissive given federal preemption).
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	See Section by Section Summary above.
Have certain constituencies called for this proposal?	The Division has received inquiries concerning how Connecticut treats offerings made pursuant to Regulation A Tier 2, but no constituencies have specifically requested that a notice filing be required.

INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

[**X**] Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	**[ ] Approved [ ] Talks Ongoing**
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

[ ] Check here if this proposal does NOT have a fiscal impact

State	Minimal fiscal impact anticipated. Based on those issuers who have advised the Division that they were relying on Regulation A Tier 2 federally, our estimate is that roughly 30 filings will be made per year, less if there is an economic downturn.
Municipal (Include any municipal mandate that can be found within legislation)	None.
Federal	None.
Additional notes	

MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

ANYTHING ELSE WE SHOULD KNOW?

INSERT FULLY DRAFTED BILL HERE

Section 1. Subsection (d) of section 36b-21 of the general statutes is repealed and the following is substituted in lieu thereof *(Effective upon passage):*

(d)(1) Any person who offers or sells a security that is a covered security under Section 18(b)(3) of the Securities Act of 1933 shall file a consent to service of process with the commissioner as required by subsection (g) of section 36b-33 prior to the first offer or sale of such security in this state. (2) An issuer proposing to offer and sell securities in this state in an offering exempt under Tier 2 of federal Regulation A shall file the following at least twenty one calendar days prior to the initial sale of securities in this state: (A) A completed Regulation A – Tier 2 notice filing form and, if the Commissioner so requests, copies of all documents filed with the Securities and Exchange Commission; (B) A consent to service of process to the extent it is not included on the notice filing form; and (C) a filing fee of two hundred fifty dollars. The initial notice filing shall be effective for twelve months from the date it is filed with the Commissioner. For each additional twelve-month period in which the same offering is continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew its notice filing on or before the expiration date of the notice filing. An issuer renewing its notice shall file with the Commissioner a renewal Regulation A - Tier 2 notice filing form and a renewal fee of two hundred fifty dollars.