



General Assembly

Amendment

January Session, 2025

LCO No. 8308



Offered by:

SEN. MILLER P., 27th Dist.
REP. DOUCETTE, 13th Dist.
SEN. BERTHEL, 32nd Dist.
REP. DELNICKI, 14th Dist.

To: Subst. Senate Bill No. 1257

File No. 181

Cal. No. 146

"AN ACT CONCERNING CONSUMER CREDIT AND COMMERCIAL FINANCING."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Subsection (c) of section 36a-492 of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective October*
5 *1, 2025*):

6 (c) The surety company shall have the right to cancel the bond at any
7 time by a written notice to the principal stating the date cancellation
8 shall take effect, provided the surety company notifies the
9 commissioner in writing not less than thirty days prior to the effective
10 date of cancellation. [If the bond is issued electronically on the system,]
11 Such written notice of cancellation [may] shall be provided by the surety
12 company to the principal and the commissioner through the system at

13 least thirty days prior to the date of cancellation. [Any notice of
14 cancellation not provided through the system shall be sent by certified
15 mail to the principal and the commissioner at least thirty days prior to
16 the date of cancellation.] A surety bond shall not be cancelled unless the
17 surety company notifies the commissioner in writing not less than thirty
18 days prior to the effective date of cancellation. After receipt of such
19 notification from the surety company, the commissioner shall give
20 written notice to the principal of the date such bond cancellation shall
21 take effect and such notice shall be deemed notice to each mortgage loan
22 originator licensee sponsored by such principal. The commissioner shall
23 automatically suspend the licenses of a mortgage lender, mortgage
24 correspondent lender or mortgage broker on such date and inactivate
25 the licenses of the mortgage loan originators sponsored by such lender,
26 correspondent lender or broker. In the case of a cancellation of an
27 exempt registrant's bond, the commissioner shall inactivate the licenses
28 of the mortgage loan originators sponsored by such exempt registrant.
29 No automatic suspension or inactivation shall occur if, prior to the date
30 that the bond cancellation shall take effect, (1) the principal submits a
31 letter of reinstatement of the bond from the surety company or a new
32 bond, (2) the mortgage lender, mortgage correspondent lender or
33 mortgage broker licensee has ceased business and has surrendered all
34 licenses in accordance with subsection (a) of section 36a-490, or (3) in the
35 case of a mortgage loan originator licensee, the sponsorship with the
36 mortgage lender, mortgage correspondent lender or mortgage broker
37 who was automatically suspended pursuant to this section or, with the
38 exempt registrant who failed to provide the bond required by this
39 section, has been terminated and a new sponsor has been requested and
40 approved. After a mortgage lender, mortgage correspondent lender or
41 mortgage broker license has been automatically suspended pursuant to
42 this section, the commissioner shall (A) give the licensee notice of the
43 automatic suspension, pending proceedings for revocation or refusal to
44 renew pursuant to section 36a-494 and an opportunity for a hearing on
45 such action in accordance with section 36a-51, as amended by this act,
46 and (B) require such licensee to take or refrain from taking such action
47 as the commissioner deems necessary to effectuate the purposes of this

48 section. The commissioner may provide information to an exempt
49 registrant concerning actions taken by the commissioner pursuant to
50 this subsection against any mortgage loan originator licensee that was
51 sponsored and bonded by such exempt registrant.

52 Sec. 2. Subsection (c) of section 36a-602 of the general statutes is
53 repealed and the following is substituted in lieu thereof (*Effective October*
54 *1, 2025*):

55 (c) The surety company may cancel the bond at any time by a written
56 notice to the licensee and the commissioner, stating the date cancellation
57 shall take effect. [If the bond is issued electronically on the system, such]
58 Such written notice [may] shall be provided by the surety company to
59 the licensee and the commissioner through the system at least thirty
60 days prior to the date of cancellation. [Any notice of cancellation not
61 provided through the system shall be sent by certified mail to the
62 licensee and the commissioner at least thirty days prior to the date of
63 cancellation.] A surety bond shall not be cancelled unless the surety
64 company notifies the commissioner in writing not less than thirty days
65 prior to the effective date of cancellation. After receipt of such
66 notification from the surety company, the commissioner shall give
67 written notice to the licensee of the date such bond cancellation shall
68 take effect. The commissioner shall automatically suspend the license on
69 such date, unless the licensee, prior to such date, submits (1) a letter of
70 reinstatement of the bond from the surety company, (2) a new bond, (3)
71 evidence that all of the principal sum of such surety bond has been
72 invested as provided in subsection (d) of this section, (4) a new bond
73 that replaces the surety bond in part and evidence that the remaining
74 part of the principal sum of such surety bond has been invested as
75 provided in subsection (d) of this section, or (5) evidence that the
76 licensee has ceased business and has surrendered the license. After a
77 license has been automatically suspended, the commissioner shall (A)
78 give the licensee notice of the automatic suspension pending
79 proceedings for revocation or refusal to renew such license and an
80 opportunity for a hearing on such actions in accordance with section

81 36a-51, as amended by this act, and (B) require the licensee to take or
82 refrain from taking such action as the commissioner deems necessary to
83 effectuate the purposes of this section.

84 Sec. 3. Subsection (b) of section 36a-664 of the general statutes is
85 repealed and the following is substituted in lieu thereof (*Effective October*
86 *1, 2025*):

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

111 Sec. 4. Subsection (c) of section 36a-671d of the general statutes is
112 repealed and the following is substituted in lieu thereof (*Effective October*
113 *1, 2025*):

114 (c) The surety shall have the right to cancel any bond written or
115 issued under subsection (a) of this section at any time by a written notice
116 to the debt negotiation licensee and the commissioner stating the date
117 cancellation shall take effect. [If such bond is issued electronically on the
118 system,] Such written notice of cancellation [may] shall be provided by
119 the surety to the licensee and the commissioner through the system at
120 least thirty days prior to the date of cancellation. [Any notice of
121 cancellation not provided through the system shall be sent by certified
122 mail to the licensee and the commissioner at least thirty days prior to
123 the date of cancellation.] No such bond shall be cancelled unless the
124 surety notifies the commissioner in writing not less than thirty days
125 prior to the effective date of cancellation. After receipt of such
126 notification from the surety, the commissioner shall give written notice
127 to the debt negotiation licensee of the date such bond cancellation shall
128 take effect. The commissioner shall automatically suspend the licenses
129 of the debt negotiation licensee on such date and inactivate the license
130 of any sponsored mortgage loan originator, unless prior to such date the
131 debt negotiation licensee submits a letter of reinstatement of the bond
132 from the surety or a new bond, surrenders all licenses or, in the case of
133 a mortgage loan originator sponsored by a debt negotiation licensee, the
134 sponsorship has been terminated and a new sponsor has been requested
135 and approved. After a license has been automatically suspended, the
136 commissioner shall (1) give the debt negotiation licensee notice of the
137 automatic suspension pending proceedings for revocation or refusal to
138 renew and an opportunity for a hearing on such actions in accordance
139 with section 36a-51, as amended by this act, and (2) require the debt
140 negotiation licensee to take or refrain from taking such action as the
141 commissioner deems necessary to effectuate the purposes of this
142 section.

143 Sec. 5. Subsection (b) of section 36a-802 of the general statutes is
144 repealed and the following is substituted in lieu thereof (*Effective October*
145 *1, 2025*):

146 (b) The surety company shall have the right to cancel the bond at any

147 time by a written notice to the licensee and the commissioner stating the
148 date cancellation shall take effect. [If the bond is issued electronically on
149 the system,] Such written notice of cancellation [may] shall be provided
150 by the surety company to the licensee and the commissioner through
151 the system at least thirty days prior to the date of cancellation. [Any
152 notice of cancellation not provided through the system shall be sent by
153 certified mail to the licensee and the commissioner at least thirty days
154 prior to the date of cancellation.] A surety bond shall not be cancelled
155 unless the surety company notifies the commissioner in writing not less
156 than thirty days prior to the effective date of cancellation. After receipt
157 of such notification from the surety company, the commissioner shall
158 give written notice to the licensee of the date such bond cancellation
159 shall take effect. The commissioner shall automatically suspend the
160 license on such date, unless the licensee prior to such date submits a
161 letter of reinstatement of the bond from the surety company or a new
162 bond or the licensee has ceased business and has surrendered its license.
163 After a license has been automatically suspended, the commissioner
164 shall (1) give the licensee notice of the automatic suspension pending
165 proceedings for revocation or refusal to renew and an opportunity for a
166 hearing on such actions in accordance with section 36a-51, as amended
167 by this act, and (2) require the licensee to take or refrain from taking
168 such action as the commissioner deems necessary to effectuate the
169 purposes of this section.

170 Sec. 6. Subdivision (2) of subsection (b) of section 36a-490 of the
171 general statutes is repealed and the following is substituted in lieu
172 thereof (*Effective October 1, 2025*):

173 (2) No licensee may use any name other than its legal name or a
174 fictitious name approved by the commissioner, provided such licensee
175 may not use its legal name if the commissioner disapproves use of such
176 name. No licensee shall use any name or address other than the name
177 and address specified on the license issued by the commissioner. A
178 mortgage lender, mortgage correspondent lender, mortgage broker or
179 lead generator licensee may change the name of the licensee or address

180 of the office specified on the most recent filing with the system if (A) at
181 least thirty calendar days prior to such change, the licensee files such
182 change with the system and, in the case of a [main or branch office]
183 change to the legal name of the licensee, provides, directly to the
184 commissioner, a bond rider [or endorsement, or addendum, as
185 applicable,] to the surety bond on file with the commissioner that
186 reflects the new legal name [or address of the main or branch office] of
187 the licensee, and (B) the commissioner does not disapprove such change,
188 in writing, or request further information within such thirty-day period.

189 Sec. 7. Subdivision (2) of subsection (d) of section 36a-598 of the
190 general statutes is repealed and the following is substituted in lieu
191 thereof (*Effective October 1, 2025*):

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

206 Sec. 8. Subsection (b) of section 36a-658 of the general statutes is
207 repealed and the following is substituted in lieu thereof (*Effective October*
208 *1, 2025*):

209 (b) No licensee shall use any name or address other than the name
210 and address stated on the license issued by the commissioner. No
211 licensee may use any name other than its legal name or a fictitious name

212 approved by the commissioner, provided such licensee may not use its
213 legal name if the commissioner disapproves use of such name. A
214 licensee may change the name of the licensee or address of the office
215 specified on the most recent filing with the system if (1) at least thirty
216 calendar days prior to such change, the licensee files such change with
217 the system and, in the case of a change to the legal name of the licensee,
218 provides to the commissioner a bond rider [, endorsement or
219 addendum, as applicable;] to the surety bond on file with the
220 commissioner that reflects the new legal name of the licensee, and (2)
221 the commissioner does not disapprove such change, in writing, or
222 request further information from the licensee within such thirty-day
223 period.

224 Sec. 9. Subsection (i) of section 36a-671 of the general statutes is
225 repealed and the following is substituted in lieu thereof (*Effective October*
226 *1, 2025*):

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

241 Sec. 10. Subsection (b) of section 36a-719a of the general statutes is
242 repealed and the following is substituted in lieu thereof (*Effective October*
243 *1, 2025*):

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

260 Sec. 11. Subsection (i) of section 36a-801 of the general statutes is
261 repealed and the following is substituted in lieu thereof (*Effective October*
262 *1, 2025*):

263 (i) No person licensed to act within this state as a consumer collection
264 agency shall do so under any other name or at any other place of
265 business than that named in the license. No licensee may use any name
266 other than its legal name or a fictitious name approved by the
267 commissioner, provided such licensee may not use its legal name if the
268 commissioner disapproves use of such name. A licensee may change the
269 name of the licensee or address of the office specified on the most recent
270 filing with the system if, at least thirty calendar days prior to such
271 change, (1) the licensee files such change with the system and, in the
272 case of a change to the legal name of the licensee, provides a bond rider
273 [, endorsement or addendum, as applicable,] to the surety bond on file
274 with the commissioner that reflects the new legal name [or address] of
275 the licensee, and (2) the commissioner does not disapprove such change,
276 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. 12. 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

310 company" does not include a bank, out-of-state bank, Connecticut credit
311 union, federal credit union, or out-of-state credit union, if so engaged;

312 Sec. 13. Section 36a-718 of the general statutes is repealed and the
313 following is substituted in lieu thereof (*Effective October 1, 2025*):

314 (a) On and after January 1, 2015, no person shall act as a mortgage
315 servicer, directly or indirectly, without first obtaining a license under
316 section 36a-719, as amended by this act, from the commissioner for its
317 main office and for each branch office where such business is conducted,
318 unless such person is exempt from licensure pursuant to subsection (b)
319 of this section. Any activity subject to licensure pursuant to sections 36a-
320 715 to 36a-719l, inclusive, as amended by this act, shall be conducted
321 from an office located in a state, as defined in section 36a-2, as amended
322 by this act.

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

343 location licensed as a main office or branch office under sections 36a-485
344 to 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b,
345 provided during any period the license of the mortgage correspondent
346 lender in this state has been suspended, such exemption shall not be
347 effective.

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

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

370 (2) The commissioner may suspend, revoke or refuse to renew any
371 exempt mortgage servicer registration or take any other action, in
372 accordance with the provisions of section 36a-51, as amended by this
373 act, if the commissioner finds that the registrant no longer meets the
374 requirements for registration or if the registrant or any control person,
375 trustee, employee or agent of such registrant has: (A) Made any material

376 misstatement in an application; (B) committed any fraud or
377 misappropriated funds; or (C) violated any provision of this title or any
378 regulation or order adopted or issued pursuant thereto pertaining to
379 such person, or any other law or regulation applicable to the conduct of
380 such registrant's business.

381 Sec. 14. Section 36a-719c of the general statutes is repealed and the
382 following is substituted in lieu thereof (*Effective October 1, 2025*):

383 (a) Each mortgage servicer applicant or licensee and [any person
384 exempt from mortgage servicer licensure pursuant to subdivision (4) of
385 subsection (b) of section 36a-718] exempt mortgage servicer registrant
386 shall file with the commissioner (1) a surety bond, written by a surety
387 authorized to write such bonds in this state, covering its main office and
388 any branch office from which it acts as mortgage servicer, in a penal sum
389 of one hundred thousand dollars per office location in accordance with
390 subsection (b) of this section, (2) a fidelity bond, written by a surety
391 authorized to write such bonds in this state, in accordance with the
392 requirements of subsection (c) of this section, and (3) evidence of errors
393 and omissions coverage, written by a surety authorized to write such
394 coverage in this state, in accordance with the requirements of subsection
395 (c) of this section. No mortgage servicer licensee and no [person
396 otherwise exempt from mortgage servicer licensure pursuant to
397 subdivision (4) of subsection (b) of section 36a-718] exempt mortgage
398 servicer registrant shall act as a mortgage servicer in this state without
399 maintaining the surety bond, fidelity bond and errors and omissions
400 coverage required by this section.

401 (b) The surety bond required by subsection (a) of this section shall be
402 (1) in a form approved by the Attorney General, [;] and (2) conditioned
403 upon the mortgage servicer licensee or [person exempt from mortgage
404 servicer licensure pursuant to subdivision (4) of subsection (b) of section
405 36a-718] exempt mortgage servicer registrant faithfully performing any
406 and all written agreements or commitments with or for the benefit of
407 mortgagors and mortgagees, truly and faithfully accounting for all
408 funds received from a mortgagor or mortgagee in such person's capacity

409 as a mortgage servicer, and conducting such mortgage business
410 consistent with the provisions of sections 36a-715 to 36a-719l, inclusive,
411 as amended by this act. Any mortgagor that may be damaged by the
412 failure of a mortgage servicer licensee or [person exempt from mortgage
413 servicer licensure pursuant to subdivision (4) of subsection (b) of section
414 36a-718] exempt mortgage servicer registrant to perform any written
415 agreements or commitments, or by the wrongful conversion of funds
416 paid by a mortgagor to such licensee or [person] registrant, may proceed
417 on such bond against the principal or surety thereon, or both, to recover
418 damages. The commissioner may proceed on such bond against the
419 principal or surety on such bond, or both, to collect any civil penalty
420 imposed pursuant to subsection (a) of section 36a-50, any restitution
421 imposed pursuant to subsection (c) of section 36a-50 and any unpaid
422 costs of examination of a licensee as determined pursuant to section 36a-
423 65, as amended by this act. The proceeds of the bond, even if
424 commingled with other assets of the principal, shall be deemed by
425 operation of law to be held in trust for the benefit of such claimants
426 against the principal in the event of bankruptcy of the principal and
427 shall be immune from attachment by creditors and judgment creditors.
428 The surety bond shall run concurrently with the period of the license or
429 registration for the main office of the mortgage servicer or exempt
430 mortgage [lender] servicer registrant and the aggregate liability under
431 the bond shall not exceed the penal sum of the bond. The principal shall
432 notify the commissioner of the commencement of an action on the bond.
433 When an action is commenced on a principal's bond, the commissioner
434 may require the filing of a new bond and immediately on recovery on
435 any action on the bond, the principal shall file a new bond.

436 (c) (1) The fidelity bond and errors and omissions coverage required
437 by subsection (a) of this section shall name the commissioner as an
438 additional loss payee on drafts the surety issues to pay for covered
439 losses directly or indirectly incurred by mortgagors of residential
440 mortgage loans serviced by the mortgage servicer or exempt mortgage
441 servicer registrant. The fidelity bond shall cover losses arising from
442 dishonest and fraudulent acts, embezzlement, misplacement, forgery

443 and similar events committed by employees of the mortgage servicer or
444 exempt mortgage servicer registrant. The errors and omissions coverage
445 shall cover losses arising from negligence, errors and omissions by the
446 mortgage servicer or exempt mortgage servicer registrant with respect
447 to the payment of real estate taxes and special assessments, hazard and
448 flood insurance or the maintenance of mortgage and guaranty
449 insurance. The fidelity bond and errors and omissions coverage shall
450 each be in the following principal amounts based on the mortgage
451 servicer's or exempt mortgage servicer registrant's volume of servicing
452 activity most recently reported to the commissioner:

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

456 [(2)] (B) If the amount of such loans exceeds one hundred million
457 dollars, the principal amount shall be at least three hundred thousand
458 dollars plus [(A)] (i) three-twentieths of one per cent of the amount of
459 residential mortgage loans serviced greater than one hundred million
460 dollars but less than or equal to five hundred million dollars; [(B)] (ii)
461 plus one-eighth of one per cent of the amount of residential mortgage
462 loans serviced greater than five hundred million dollars but less than or
463 equal to one billion dollars; and [(C)] (iii) plus one-tenth of one per cent
464 of the amount of residential mortgage loans serviced greater than one
465 billion dollars.

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

470 (d) A surety shall have the right to cancel the surety bond, fidelity
471 bond and errors and omissions coverage required by this section at any
472 time by a written notice to the principal and the commissioner stating
473 the date cancellation shall take effect. [If the surety bond required by
474 this section was issued electronically on the system,] Such written notice

475 of cancellation [may] shall be provided by the surety company to the
476 principal and the commissioner through the system at least thirty days
477 prior to the date of cancellation. [Any notice of cancellation not provided
478 through the system shall be sent by certified mail to the principal and
479 the commissioner at least thirty days prior to the date of cancellation.]
480 A surety bond, fidelity bond or errors and omissions coverage shall not
481 be cancelled unless the surety notifies the commissioner, in writing, not
482 less than thirty days prior to the effective date of cancellation. After
483 receipt of such notification from the surety, the commissioner shall give
484 written notice to the principal of the date such cancellation shall take
485 effect. The commissioner shall automatically suspend the license of a
486 mortgage servicer licensee or registration of an exempt mortgage
487 servicer registrant on such date or on any date when a fidelity bond or
488 errors and omissions coverage expires or is no longer in effect. No
489 automatic suspension or inactivation shall occur if, prior to the date that
490 such bond or errors and omissions coverage cancellation or expiration
491 shall take effect, (1) the principal submits a letter of reinstatement of the
492 bond or errors and omissions coverage, or a new bond or errors and
493 omissions policy, [;] or (2) the mortgage servicer licensee or exempt
494 mortgage servicer registrant has ceased business in this state and has
495 surrendered all (A) licenses in accordance with section 36a-51, as
496 amended by this act, and section 36a-719a, as amended by this act, and
497 (B) registrations in accordance with section 36a-718, as amended by this
498 act. After a mortgage servicer license or exempt mortgage servicer
499 registration has been automatically suspended pursuant to this section,
500 the commissioner shall [(A)] (i) give the licensee or registrant notice of
501 the automatic suspension, pending proceedings for revocation or
502 refusal to renew pursuant to section 36a-719j or subsection (d) of section
503 36a-718, as amended by this act, and an opportunity for a hearing on
504 such action in accordance with section 36a-51, as amended by this act,
505 and [(B)] (ii) require such licensee or registrant to take or refrain from
506 taking such action as the commissioner deems necessary to effectuate
507 the purposes of this section. [A person licensed as a mortgage lender in
508 this state] Any exempt mortgage servicer registrant acting as a mortgage
509 servicer from a location licensed as a main office or branch office under

510 sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a
511 and 36a-534b shall cease to be exempt from mortgage servicer licensing
512 requirements in this state upon cancellation or expiration of any surety
513 bond, fidelity bond or errors and omissions coverage required by this
514 section.

515 (e) If the commissioner finds that the financial condition of a
516 mortgage servicer licensee or [mortgage lender licensee] exempt
517 mortgage servicer registrant so requires, as evidenced by the reduction
518 of tangible net worth, financial losses or potential losses as a result of a
519 violation of sections 36a-715 to 36a-719k, inclusive, as amended by this
520 act, the commissioner may require one or more additional bonds
521 meeting the standards set forth in this section. The mortgage servicer
522 licensee or exempt mortgage servicer registrant shall file any such
523 additional bonds not later than ten days after receipt of the
524 commissioner's written notice of such requirement. A mortgage servicer
525 licensee or exempt mortgage [lender licensee] servicer registrant shall
526 file, as the commissioner may require, any bond rider or endorsement
527 or addendum, as applicable, to any bond or evidence of errors and
528 omissions coverage on file with the commissioner to reflect any changes
529 necessary to maintain the surety bond, fidelity bond and errors and
530 omissions coverage required by this section.

531 Sec. 15. Section 36a-850a of the general statutes is repealed and the
532 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

536 (1) Prior to sending the first billing statement on a private student
537 education loan or immediately upon receipt of a private student
538 education loan following the transfer or assignment of such private
539 student education loan, provide to the student loan borrower, and to
540 any cosigner of such private student education loan, information
541 concerning the rights and responsibilities of such student loan borrower

542 and cosigner, including information regarding (A) how such private
543 student education loan obligation will appear on the cosigner's
544 consumer report, (B) how the cosigner will be notified if the private
545 student education loan becomes delinquent, including how the cosigner
546 can cure the delinquency in order to avoid negative credit furnishing
547 and loss of cosigner release eligibility, and (C) eligibility for release of
548 the cosigner's obligation on such private student education loan,
549 including number of on-time payments and any other criteria required
550 to approve the release of the cosigner from the loan obligation;

551 (2) Send annual written notice to all student loan borrowers and
552 cosigners relating to information about cosigner release, including the
553 criteria [the private student education loan servicer requires] necessary
554 to approve the release of a cosigner from a private student education
555 loan obligation and the process for applying for cosigner release;

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

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

574 (5) Not later than thirty days following the submission of an
575 application for cosigner release, send to the student loan borrower and
576 cosigner a written notice of the decision that such application has been
577 approved or denied. If the application for cosigner release has been
578 denied, such written notice shall (A) inform such student loan borrower
579 and cosigner that such student loan borrower and cosigner have the
580 right to request all documents and information used [by the private
581 student education loan servicer in its] in the decision to deny such
582 application, including [the] any credit score threshold used, [by the
583 private student education loan servicer,] the consumer report of such
584 student loan borrower or cosigner, the credit score of such student loan
585 borrower or cosigner [,] and any other documents that are relevant or
586 specific to such student loan borrower or cosigner, [. The private student
587 education loan servicer shall provide such student loan borrower and
588 cosigner with] and (B) include (i) any adverse action notices required
589 under federal law if the denial of such application was based in whole
590 or in part on any information contained in a consumer report, and (ii)
591 the information described in subdivision (2) of this subsection;

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

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

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

607 penalties or injury;

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

616 [(10)] (6) Upon receipt of a request by a student loan borrower or
617 cosigner to a change that results in restarting the count of consecutive
618 on-time payments required for cosigner release eligibility, provide to
619 such student loan borrower and cosigner written notification of the
620 impact of such change on cosigner release eligibility and an opportunity
621 to withdraw or reverse such change for purposes of avoiding such
622 impact;

623 [(11)] (7) Provide a student loan borrower or cosigner (A) the right to
624 request an appeal of a determination to deny a cosigner release
625 application, (B) an opportunity to submit additional information or
626 documentation evidencing that such student loan borrower has the
627 ability, willingness and stability to make his or her payment obligations,
628 and (C) the right to request that a different employee [of the private
629 student education loan servicer] review and make a determination on
630 the application for a cosigner release;

631 [(12)] (8) Establish and maintain a comprehensive record
632 management system reasonably designed to ensure the accuracy,
633 integrity and completeness of data and other information about cosigner
634 release applications. Such system shall include the number of cosigner
635 release applications received, the approval and denial rate of such
636 applications and the primary reasons for denial of such applications;

637 [(13)] In the event that a cosigner has a total and permanent disability,

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

647 [(14)] (9) Provide the cosigner of a private student education loan
648 with access to the same documents and records associated with the
649 private student education loan that are available to the student loan
650 borrower of such private student education loan; and

651 [(15)] (10) If a student loan borrower has electronic access to
652 documents and records associated with a private student education
653 loan, provide equivalent electronic access to such documents and
654 records to the cosigner of such private student education loan.

655 (b) Any person that makes or extends a private student education
656 loan on or after October 1, 2025, shall provide, consistent with the terms
657 of this subsection, options for cosigner release on such private student
658 education loan upon the satisfaction of certain criteria, including, but
659 not limited to, twelve consecutive on-time payments by the student loan
660 borrower or in the event of total and permanent disability of the
661 cosigner. On and after October 1, 2025, no person that makes, extends
662 or owns one or more private student education loans, including, but not
663 limited to, any private education lender or private education loan
664 creditor, directly or indirectly, shall:

665 (1) Impose any restriction on a student loan borrower or cosigner that
666 may permanently prevent such student loan borrower or cosigner from
667 qualifying for a cosigner release, including, but not limited to, any
668 restriction on the number of times a student loan borrower or cosigner
669 may apply for a cosigner release;

670 (2) Impose any negative consequence on a student loan borrower or
671 cosigner during the sixty-day period following issuance of the notice
672 described in subparagraph (A) of subdivision (4) of subsection (a) of this
673 section, or until a final decision concerning a student loan borrower or
674 cosigner's application for a cosigner release has been made. For
675 purposes of this subdivision, "negative consequence" includes, but is not
676 limited to, the imposition of any additional eligibility criteria, negative
677 credit reporting, lost eligibility for a cosigner release, late fee, interest
678 capitalization or any other financial penalty or injury;

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

687 (4) In the event that a cosigner is totally and permanently disabled, as
688 determined by any federal or state agency or doctor of medicine or
689 osteopathy legally authorized to practice in this state, (A) refuse to
690 release the cosigner from his or her obligation to repay the private
691 student education loan upon receipt of notification that such cosigner is
692 totally and permanently disabled, or (B) require that a new cosigner be
693 added to such private student education loan after the original cosigner
694 has been released.

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

703 Sec. 16. Section 36a-51 of the general statutes is repealed and the
704 following is substituted in lieu thereof (*Effective October 1, 2025*):

705 (a) The commissioner may suspend, revoke or refuse to renew any
706 license or registration issued by the commissioner under any provision
707 of the general statutes by sending a notice to the licensee or registrant
708 by registered or certified mail, return receipt requested, or by any
709 express delivery carrier that provides a dated delivery receipt, or by
710 personal delivery, as defined in section 4-166, in accordance with section
711 36a-52a. The notice shall be deemed received by the licensee or
712 registrant on the earlier of the date of actual receipt or seven days after
713 mailing or sending, and in the case of a notice sent by electronic mail,
714 the notice shall be deemed received by the licensee or registrant in
715 accordance with section 36a-52a. Any such notice shall include: (1) A
716 statement of the time, place, and nature of the hearing; (2) a statement
717 of the legal authority and jurisdiction under which the hearing is to be
718 held; (3) a reference to the particular sections of the general statutes,
719 regulations, rules or orders involved; (4) a short and plain statement of
720 the matters asserted; and (5) a statement indicating that the licensee or
721 registrant may file a written request for a hearing on the matters
722 asserted within fourteen days of receipt of the notice. If the
723 commissioner finds that public health, safety or welfare imperatively
724 requires emergency action, and incorporates a finding to that effect in
725 the notice, the commissioner may order summary suspension of a
726 license or registration in accordance with subsection (c) of section 4-182
727 and require the licensee or registrant to take or refrain from taking such
728 action as in the opinion of the commissioner will effectuate the purposes
729 of this section, pending proceedings for suspension, revocation or
730 refusal to renew.

731 (b) If a hearing is requested within the time specified in the notice,
732 the commissioner shall hold a hearing upon the matters asserted in the
733 notice unless the licensee or registrant fails to appear at the hearing.
734 After the hearing, the commissioner shall suspend, revoke or refuse to
735 renew the license or registration for any reason set forth in the

736 applicable [licensing] provisions of the general statutes if the
737 commissioner finds sufficient grounds exist for such suspension,
738 revocation or refusal to renew. If the licensee or registrant does not
739 request a hearing within the time specified in the notice or fails to appear
740 at the hearing, the commissioner shall suspend, revoke or refuse to
741 renew the license or registration. No such license or registration shall be
742 suspended or revoked except in accordance with the provisions of
743 chapter 54.

744 (c) (1) Any licensee or registrant may surrender any license or
745 registration issued by the commissioner under any provision of the
746 general statutes by surrendering the license or registration to the
747 commissioner in person or by registered or certified mail, provided, in
748 the case of a license or registration issued through the system, as defined
749 in section 36a-2, as amended by this act, such surrender shall be initiated
750 by filing a request to surrender on the system. No surrender on the
751 system shall be effective until the request to surrender is accepted by the
752 commissioner. Surrender of a license or registration shall not affect the
753 licensee's or registrant's civil or criminal liability, or affect the
754 commissioner's ability to impose an administrative penalty on the
755 licensee or registrant pursuant to section 36a-50 for acts committed prior
756 to the surrender. If, prior to receiving the license or registration, or, in
757 the case of a license or registration issued through the system prior to
758 the filing of a request to surrender a license or registration, the
759 commissioner has instituted a proceeding to suspend, revoke or refuse
760 to renew such license or registration, such surrender or request to
761 surrender will not become effective except at such time and under such
762 conditions as the commissioner by order determines. If no proceeding
763 is pending or has been instituted by the commissioner at the time of
764 surrender, or, in the case of a license or registration issued through the
765 system, at the time a request to surrender is filed, the commissioner may
766 still institute a proceeding to suspend, revoke or refuse to renew a
767 license or registration under subsection (a) of this section up to the date
768 one year after the date of receipt of the license or registration by the
769 commissioner, or, in the case of a license or registration issued through

770 the system, up to the date one year after the date of the acceptance by
771 the commissioner of a request to surrender a license or registration.

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

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

783 (d) The provisions of this section shall not apply to chapters 672a,
784 672b and 672c.

785 Sec. 17. Subsection (a) of section 36a-556 of the general statutes is
786 repealed and the following is substituted in lieu thereof (*Effective October*
787 *1, 2025*):

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

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

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

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

798 (4) Receive payments, [of] including, but not limited to, payments for

principal, [and] interest or fees, 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.

Sec. 18. 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-719l, inclusive, as amended by this act, unless the context otherwise requires:

(1) "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.

[(1)] (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 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, payments for 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

828 necessary to properly carry out the mortgage holder's obligations under
829 the mortgage agreement including, when applicable, the receipt of
830 funds from the mortgagor to be held in escrow for payment of real estate
831 taxes and insurance premiums and the distribution of such funds to the
832 taxing authority and insurance company, and (B) includes a person who
833 makes payments to borrowers pursuant to the terms of a home equity
834 conversion mortgage or reverse mortgage.

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

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

841 (6) "Residential mortgage loan" means any loan primarily for
842 personal, family or household use that is secured by a mortgage, deed
843 of trust or other equivalent consensual security interest on a dwelling,
844 as defined in Section 103 of the Consumer Credit Protection Act, 15 USC
845 1602, located in this state, or real property located in this state upon
846 which is constructed or intended to be constructed a dwelling.

847 Sec. 19. Section 36a-846 of the general statutes is repealed and the
848 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

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

855 (3) "Consumer report" has the same meaning as provided in Section
856 603(d) of the Fair Credit Reporting Act, 15 USC [.] 1681a, as amended

857 from time to time;

858 (4) "Control person" has the same meaning as provided in section 36a-
859 485;

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

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

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

873 (8) "Main office" has the same meaning as provided in section 36a-
874 485;

875 (9) "Private education lender" has the same meaning as provided in
876 section 36a-856, as amended by this act;

877 (10) "Private education loan creditor" has the same meaning as
878 provided in section 36a-856, as amended by this act;

879 ~~[(9)]~~ (11) "Private student education loan" means any student
880 education loan that is not a federal student education loan;

881 ~~[(10)]~~ (12) "Private student education loan servicer" means any
882 student loan servicer responsible for the servicing of a private student
883 education loan to a student loan borrower;

884 ~~[(11)]~~ (13) "Student loan borrower" means any individual who resides

885 within this state who has agreed to repay a student education loan;

886 [(12)] (14) "Student loan servicer" means any person, wherever
887 located, responsible for the servicing of any student education loan to
888 any student loan borrower;

889 [(13)] (15) "Servicing" means (A) receiving any [scheduled periodic]
890 payments from a student loan borrower pursuant to the terms of a
891 student education loan, [;] (B) applying the payments of principal and
892 interest and such other payments with respect to the amounts received
893 from a student loan borrower, as may be required pursuant to the terms
894 of a student education loan, [;] (C) maintaining account records for and
895 communicating with the student loan borrower concerning the student
896 education loan during the period when no [scheduled periodic]
897 payments are required, [;] (D) interacting with a student loan borrower
898 for purposes of facilitating the servicing of a student education loan,
899 including, but not limited to, assisting a student loan borrower to
900 prevent such borrower from defaulting on obligations arising from the
901 student education loan, [;] or (E) performing other administrative
902 services with respect to a student education loan;

903 [(14)] (16) "Student education loan" means any loan primarily for
904 personal use to finance education or other school-related expenses; and

905 [(15)] (17) "Unique identifier" has the same meaning as provided in
906 section 36a-485.

907 Sec. 20. Subsection (d) of section 36a-487 of the general statutes is
908 repealed and the following is substituted in lieu thereof (*Effective October*
909 *1, 2025*):

910 (d) Any person claiming exemption from licensure under this section
911 may register on the system as an exempt registrant for purposes of
912 sponsoring a mortgage loan originator or a loan processor or
913 underwriter pursuant to subdivision (1) of subsection (b) of section 36a-
914 486. Such registration shall not affect the exempt status of such person.
915 Each registration shall expire at the close of business on December

916 thirty-first of the year in which such registration was approved, unless
917 such registration is renewed or, if such registration is approved on or
918 after November first, such registration shall expire at the close of
919 business on December thirty-first of the year following the year in which
920 such registration was approved. An application for renewal of a
921 registration shall be filed on the system between November first and
922 December thirty-first of the year in which the registration expires. Each
923 applicant for an initial registration or renewal of a registration shall pay
924 to the system any required fees or charges. All fees paid pursuant to this
925 subsection shall be nonrefundable. Any approval of such registration,
926 or any approval of any renewal of such registration, shall not constitute
927 a determination by the commissioner that such entity is exempt, but
928 rather shall evidence the commissioner's approval to use the system for
929 purposes of sponsoring and bonding.

930 Sec. 21. Section 36a-868 of the general statutes is repealed and the
931 following is substituted in lieu thereof (*Effective from passage*):

932 No commercial financing contract entered into on or after July 1,
933 2024, shall contain any provision waiving a recipient's right to notice,
934 judicial hearing or prior court order under chapter 903a in connection
935 with the provider obtaining any prejudgment remedy, including, but
936 not limited to, attachment, execution, garnishment or replevin [.] upon
937 commencing any litigation against the recipient. Any such provision in
938 a commercial financing contract entered into on or after July 1, 2024,
939 shall be unenforceable.

940 Sec. 22. Subsection (c) of section 36a-870 of the general statutes is
941 repealed and the following is substituted in lieu thereof (*Effective July 1,*
942 *2025*):

943 (c) Each provider and commercial financing broker [shall pay an
944 initial registration fee of one thousand dollars and an annual
945 registration fee of five hundred dollars by the fifteenth of September
946 each year thereafter. If a provider or commercial financing broker fails
947 to timely pay any such annual registration fee, its registration shall

948 automatically expire by operation of law] registration shall expire at the
949 close of business on December thirty-first of the year in which such
950 registration was approved, unless such registration is renewed or, if
951 such registration is approved on or after November first, such
952 registration shall expire at the close of business on December thirty-first
953 of the year following the year in which such registration was approved.
954 An application for renewal of a registration shall be filed with the
955 commissioner between November first and December thirty-first of the
956 year in which the registration expires. Each applicant for an initial
957 registration or renewal of a registration shall pay to the system a
958 registration fee of one thousand dollars and any other required fees or
959 charges. All fees paid pursuant to this subsection shall be
960 nonrefundable.

961 Sec. 23. Section 36a-872 of the general statutes is repealed and the
962 following is substituted in lieu thereof (*Effective July 1, 2025*):

963 (a) [Any provider who violates any provision of sections 36a-861 to
964 36a-870, inclusive, or any regulation adopted pursuant to section 36a-
965 871 shall be liable for a civil penalty pursuant to section 36a-50] The
966 commissioner may suspend, revoke or refuse to renew any registration
967 issued pursuant to section 36a-870, as amended by this act, or take any
968 other action in accordance with the provisions of section 36a-51, as
969 amended by this act, if the commissioner finds that the registrant or any
970 control person, trustee, employee or agent of such registrant has done
971 any of the following: (1) Made any material misstatement in the
972 application; (2) committed any fraud or misappropriated funds; or (3)
973 violated (A) any provision of this title or any regulation or order
974 adopted or issued pursuant thereto pertaining to such registrant or any
975 control person, trustee, employee or agent of such registrant, or (B) any
976 other law or regulation applicable to the conduct of such registrant's
977 business.

978 (b) [In addition to any civil penalty imposed under subsection (a) of
979 this section, if the Banking Commissioner finds that a provider has
980 knowingly violated any provision of sections 36a-861 to 36a-870,

981 inclusive, or any regulation adopted pursuant to section 36a-871, the
982 commissioner may seek an injunction in a court of competent
983 jurisdiction, and may exercise the powers granted to the commissioner
984 under section 36a-50, on behalf of any recipient affected by the violation]
985 Whenever it appears to the commissioner that any person has violated,
986 is violating or is about to violate the provisions of sections 36a-861 to
987 36a-870, inclusive, as amended by this act, the commissioner may take
988 action against such person in accordance with sections 36a-50 and 36a-
989 52.

990 Sec. 24. Subsections (b) to (g), inclusive, of section 36a-856 of the
991 general statutes are repealed and the following is substituted in lieu
992 thereof (*Effective October 1, 2025*):

993 (b) (1) Except for a public or private nonprofit postsecondary
994 educational institution, for which the commissioner may prescribe an
995 alternative registration process and fee structure, a private education
996 lender or a private education loan creditor shall, prior to making a
997 private education loan to, or purchasing or assuming a private
998 education loan owed by, a resident of the state, [:] (A) register with the
999 commissioner, and (B) renew such registration for each year that such
1000 private education lender or private education loan creditor continues to
1001 act as a private education lender or private education loan creditor.

1002 [(1) Register with the commissioner and pay a fee in the form and
1003 manner prescribed by the commissioner, which may include
1004 registration using the National Multistate Licensing System and
1005 Registry and the payment of any fees thereto; and

1006 (2) Renew such registration for each year that such private education
1007 lender or private education loan creditor continues to act as a private
1008 education lender or private education loan creditor.]

1009 (2) Each private education lender and private education loan creditor
1010 registration shall expire at the close of business on December thirty-first
1011 of the year in which such registration was approved, unless such

1012 registration is renewed or, if such registration is approved on or after
1013 November first, such registration shall expire at the close of business on
1014 December thirty-first of the year following the year in which such
1015 registration was approved. An application for renewal of a registration
1016 shall be filed with the commissioner between November first and
1017 December thirty-first of the year in which the registration expires. Each
1018 applicant for an initial registration or renewal of a registration shall pay
1019 to the system a registration fee of nine hundred dollars and any other
1020 required fees or charges. All fees paid pursuant to this subdivision shall
1021 be nonrefundable.

1022 (c) For each year in which a private education lender registers with,
1023 or renews such registration with, the commissioner pursuant to
1024 subsection (b) of this section, such private education lender shall, at the
1025 time of such registration or renewal, and at other times upon the
1026 commissioner's request, provide to the commissioner, in the form and
1027 manner prescribed by the commissioner, the following documents and
1028 information:

1029 (1) A list of all schools attended by the private education loan
1030 borrowers with outstanding private education loans made by such
1031 private education lender;

1032 (2) The number and dollar amount of all outstanding private
1033 education loans such private education lender made to private
1034 education loan borrowers;

1035 (3) For each school listed pursuant to subdivision (1) of this
1036 subsection, the number and dollar amount of all outstanding private
1037 education loans such private education lender made to private
1038 education loan borrowers who attended such school;

1039 (4) The number and dollar amount of all private education loans such
1040 private education lender made during the prior year to private
1041 education loan borrowers;

1042 (5) For each school listed pursuant to subdivision (1) of this

1043 subsection, the number and dollar amount of all private education loans
1044 such private education lender made during the prior year to private
1045 education loan borrowers who attended such school;

1046 (6) The spread of interest rates for the private education loans such
1047 private education lender made during the prior year;

1048 (7) The percentage of private education loan borrowers who received
1049 each rate within the spread of interest rates provided pursuant to
1050 subdivision (6) of this subsection;

1051 (8) The number of private education loans with a cosigner that such
1052 private education lender made during the prior year;

1053 (9) The default rate for private education loan borrowers obtaining
1054 private education loans from the private education lender, and, for each
1055 school listed pursuant to subdivision (1) of this subsection, the default
1056 rate for private education loans made to private education loan
1057 borrowers who attended such school;

1058 (10) The number of private education loan borrowers against whom
1059 such private education lender brought legal action in the prior year to
1060 collect a debt owed pursuant to a private education loan, and the
1061 amount sought in each such action;

1062 (11) A copy of each model promissory note, agreement, contract or
1063 other instrument used by the private education lender during the prior
1064 year to substantiate that a new private education loan has been extended
1065 to a private education loan borrower or that a private education loan
1066 borrower owes a debt to such lender; and

1067 (12) The name and address of: (A) Such private education lender; (B)
1068 each officer, director or partner of such private education lender; and
1069 (C) each owner of a controlling interest in such private education lender.

1070 (d) For each year in which a private education loan creditor registers
1071 with, or renews such registration with, the commissioner pursuant to

1072 subsection (b) of this section, such private education loan creditor shall,
1073 at the time of such registration or renewal, and at other times upon the
1074 commissioner's request, provide to the commissioner, in the form and
1075 manner prescribed by the commissioner, the following documents and
1076 information:

1077 (1) A list of all schools attended by the private education loan
1078 borrowers with outstanding private education loans assumed or
1079 acquired by such private education loan creditor;

1080 (2) The number and dollar amount of all outstanding private
1081 education loans owed by private education loan borrowers to such
1082 private education loan creditor;

1083 (3) For each school listed pursuant to subdivision (1) of this
1084 subsection, the number and dollar amount of all outstanding private
1085 education loans owed to such private education loan creditor by private
1086 education loan borrowers who attended such school;

1087 (4) The number and dollar amount of all private education loans: (A)
1088 Such private education loan creditor assumed or acquired during the
1089 prior year; and (B) owed to such private education loan creditor by
1090 private education loan borrowers;

1091 (5) For each school listed pursuant to subdivision (1) of this
1092 subsection, the number and dollar amount of all private education
1093 loans: (A) Such private education loan creditor assumed or acquired
1094 during the prior year; and (B) owed to such private education loan
1095 creditor by private education loan borrowers who attended such school;

1096 (6) The number of private education loans with a cosigner that such
1097 private education loan creditor assumed or acquired during the prior
1098 year;

1099 (7) The default rate for private education loan borrowers whose
1100 private education loans were assumed or acquired by such private
1101 education loan creditor, and, for each school listed pursuant to

1102 subdivision (1) of this subsection, the default rate for private education
1103 loans owed by private education loan borrowers who attended such
1104 school;

1105 (8) The number of private education loan borrowers against whom
1106 such private education loan creditor brought legal action in the prior
1107 year to collect a debt owed pursuant to a private education loan, and the
1108 amount sought in each such action; and

1109 (9) The name and address of: (A) Such private education loan
1110 creditor; (B) each officer, director or partner of such private education
1111 loan creditor; and (C) each owner of a controlling interest in such private
1112 education loan creditor.

1113 (e) The commissioner shall create, and periodically update, a publicly
1114 accessible Internet web site that includes the following information
1115 about private education lenders and private education loan creditors
1116 registered in the state:

1117 (1) The name, address, telephone number and Internet web site
1118 address for all registered private education lenders and private
1119 education loan creditors;

1120 (2) A summary of the information and documents provided pursuant
1121 to subsections (c) and (d) of this section; and

1122 (3) Copies of all model promissory notes, agreements, contracts and
1123 other instruments provided to the commissioner in accordance with
1124 subdivision (11) of subsection (c) of this section.

1125 (f) The commissioner may [take action pursuant to section 36a-50 to
1126 enforce the provisions of this section.] suspend, revoke or refuse to
1127 renew any registration issued under subsection (b) of this section or take
1128 any other action in accordance with the provisions of section 36a-51, as
1129 amended by this act, if the commissioner finds that the registrant or any
1130 control person, trustee, employee or agent of such registrant has done
1131 any of the following: (1) Made any material misstatement in the

1132 application; (2) committed any fraud or misappropriated funds; or (3)
1133 violated (A) any provision of this title or any regulation or order
1134 adopted or issued pursuant thereto pertaining to such registrant or any
1135 control person, trustee, employee or agent of such registrant, or (B) any
1136 other law or regulation applicable to the conduct of such registrant's
1137 business.

1138 (g) Whenever it appears to the commissioner that any person has
1139 violated, is violating or is about to violate the provisions of this section,
1140 the commissioner may take action against such person in accordance
1141 with sections 36a-50 and 36a-52.

1142 [(g)] (h) (1) The commissioner may order that any person who has
1143 been found to have violated any provision of this section and has
1144 thereby caused financial harm to a consumer be barred for a term not
1145 exceeding ten years from [acting as a private education lender, private
1146 education loan creditor or] engaging in any activity requiring a license
1147 or registration under this title, or acting as a stockholder, officer,
1148 director, partner or other owner or employee of [a private education
1149 lender or private education loan creditor] an entity requiring such a
1150 license or registration, by sending a notice to such person by registered
1151 or certified mail, return receipt requested, or by any express delivery
1152 carrier that provides a dated delivery receipt, or by personal delivery,
1153 as defined in section 4-166, in accordance with section 36a-52a. The
1154 notice shall be deemed received by such person on the earlier of the date
1155 of actual receipt or seven days after mailing or sending, and in the case
1156 of a notice sent by electronic mail, the notice shall be deemed received
1157 by such person in accordance with section 36a-52a. Such notice shall
1158 include: (A) A statement of the time, place and nature of a hearing to be
1159 held upon the matters asserted in the notice; (B) a statement of the legal
1160 authority and jurisdiction under which the hearing is to be held; (C) a
1161 reference to the particular sections of the general statutes, regulations of
1162 Connecticut state agencies, rules or orders that such person is alleged to
1163 have violated; (D) a short and plain statement of the matters asserted;
1164 and (E) a statement indicating that such person may file a written

1165 request for a hearing on the matters asserted within fourteen days of
1166 receipt of the notice.

1167 (2) If a hearing is requested within the time specified in the notice, the
1168 commissioner shall hold a hearing upon the matters asserted in the
1169 notice unless such person fails to appear at the hearing. After the
1170 hearing, the commissioner shall determine whether to issue an order
1171 barring such person, for a term not to exceed ten years, from engaging
1172 in any activity requiring a license or registration under this title, or from
1173 acting as a stockholder, officer, director, partner or other owner or
1174 employee of an entity requiring such a license or registration. The
1175 commissioner may also issue such an order if such person does not
1176 request a hearing within the time specified in the notice or fails to appear
1177 at the hearing. No order shall be issued under this subsection except in
1178 accordance with the provisions of chapter 54.

1179 Sec. 25. (NEW) (*Effective October 1, 2025*) (a) As used in this section,
1180 "mortgage lender" and "shared appreciation agreement" have the same
1181 meanings as provided in section 36a-485 of the general statutes.

1182 (b) Any mortgage lender that is required to be licensed pursuant to
1183 sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a
1184 and 36a-534b of the general statutes and offers to make a shared
1185 appreciation agreement shall, not later than three business days after the
1186 prospective borrower under such proposed agreement submits an
1187 application to such mortgage lender for such proposed agreement,
1188 disclose to such prospective borrower, in writing:

1189 (1) The following statement, which shall be clear, conspicuous and in
1190 at least twelve-point font: "You are not required to complete this
1191 agreement merely because you have received these disclosures or have
1192 signed a loan application. If you obtain this loan, the lender will have a
1193 mortgage and shared interest in your home. You could lose your home,
1194 and any money you have put into it, if you do not meet your obligations
1195 under the loan. You may wish to consult an attorney.";

1196 (2) Financial information relevant to the proposed shared
1197 appreciation agreement, including, but not limited to, whether such
1198 proposed agreement is terminated through repayment, which
1199 repayment may include the mortgage lender's receipt of some or all of
1200 the proceeds from a sale of the dwelling or residential real estate that is
1201 the subject of such proposed agreement if such proposed agreement is
1202 terminated by such sale;

1203 (3) Agreement and transaction details for the proposed shared
1204 appreciation agreement, including, but not limited to, the mortgage
1205 lender's contact information, the transaction amount, the sum of cash to
1206 be paid to the prospective borrower, the starting value for appreciation
1207 sharing, the term of the proposed agreement and the estimated current
1208 fair market value of the dwelling or residential real estate that is the
1209 subject of such proposed agreement;

1210 (4) The method of determining the current fair market value of the
1211 dwelling or residential real estate that is the subject of the proposed
1212 shared appreciation agreement;

1213 (5) The method of determining the final value of the dwelling or
1214 residential real estate that is the subject of the proposed shared
1215 appreciation agreement upon termination of such proposed agreement;

1216 (6) The interest charged, if applicable;

1217 (7) The limit of the mortgage lender's share of appreciation or equity
1218 in the dwelling or residential real estate that is the subject of the
1219 proposed shared appreciation agreement;

1220 (8) An advisory that the prospective borrower consult such
1221 borrower's tax advisor on the potential tax implications of the proposed
1222 shared appreciation agreement;

1223 (9) Repayment examples for the proposed shared appreciation
1224 agreement based upon, at minimum:

1225 (A) Settlement of such proposed agreement after five years, ten years,
1226 fifteen years and thirty years, in each case up to the maximum term of
1227 such proposed agreement; and

1228 (B) (i) No change in the market value of the dwelling or residential
1229 real estate that is the subject of such proposed agreement, and (ii)
1230 changes in the market value of the dwelling or residential real estate that
1231 is the subject of such proposed agreement (I) at the rate of ten per cent
1232 total depreciation over the term of such proposed agreement, (II) at the
1233 rate of three and one-half per cent total appreciation over such term, (III)
1234 at the rate of five and one-half per cent total appreciation over such term,
1235 and (IV) reflecting the actual average rate of appreciation or
1236 depreciation for all dwellings or residential real estate in this state
1237 during the period that is equal to the term of such proposed agreement
1238 and that occurred immediately prior to such term; and

1239 (10) The following information and corresponding calculations for
1240 the proposed shared appreciation agreement, if applicable:

1241 (A) The calculated appreciation amount;

1242 (B) The appreciation-based charge;

1243 (C) The accrued or charged interest;

1244 (D) The principal amount to be repaid;

1245 (E) The mortgage lender's total calculated share of appreciation or
1246 equity;

1247 (F) Any limit to the mortgage lender's share of appreciation or equity;
1248 and

1249 (G) For each of the repayment scenarios specified in subdivision (9)
1250 of this section:

1251 (i) The actual amount of money to be paid by the prospective
1252 borrower to the mortgage lender, inclusive of any unconditional

1253 administrative fees or reimbursement of protective advances that are
1254 required to be paid at the time of the settlement of such proposed
1255 agreement; and

1256 (ii) The total cost to the prospective borrower expressed as an annual
1257 percentage rate, to allow the prospective borrower to compare, under
1258 each such repayment scenario, the cost at the time of the settlement of
1259 such proposed agreement with the cost of a traditional mortgage loan.

1260 Sec. 26. Subdivision (1) of subsection (b) of section 36a-498e of the
1261 general statutes is repealed and the following is substituted in lieu
1262 thereof (*Effective October 1, 2025*):

1263 (b) (1) No person, other than an individual, who is required to be
1264 licensed and is subject to sections 36a-485 to 36a-498h, inclusive, 36a-
1265 534a and 36a-534b, and no [qualifying] qualified individual or branch
1266 manager shall fail to establish, enforce and maintain policies and
1267 procedures reasonably designed to achieve compliance with subsection
1268 (a) of this section.

1269 Sec. 27. Subsection (b) of section 36a-719h of the general statutes is
1270 repealed and the following is substituted in lieu thereof (*Effective October*
1271 *1, 2025*):

1272 (b) No mortgage servicer shall fail to establish, enforce and maintain
1273 policies and procedures reasonably designed to achieve compliance
1274 with subsection (a) of this section, and no [qualifying] qualified
1275 individual or branch manager for such mortgage servicer shall fail to
1276 enforce such policies and procedures. No violation of this subsection
1277 shall be found unless the mortgage servicer, [qualifying] qualified
1278 individual or branch manager's failure to establish, enforce or maintain
1279 policies and procedures resulted in conduct in violation of sections 36a-
1280 715 to 36a-724, inclusive, as amended by this act, or rules or regulations
1281 adopted under said sections or any other state or federal law, including
1282 the rules and regulations thereunder, applicable to any business
1283 authorized or conducted under said sections.

1284 Sec. 28. Subdivision (72) of section 36a-2 of the general statutes is
1285 repealed and the following is substituted in lieu thereof (*Effective October*
1286 *1, 2025*):

1287 (72) "System" means the Nationwide [Mortgage] Multistate Licensing
1288 System and Registry, NMLS, NMLSR or such other name or acronym as
1289 may be assigned to the multistate system developed by the Conference
1290 of State Bank Supervisors and the American Association of Residential
1291 Mortgage Regulators and owned and operated by the State Regulatory
1292 Registry, LLC, or any successor or affiliated entity, for the licensing and
1293 registration of persons in the mortgage and other financial services
1294 industries;

1295 Sec. 29. Subsection (a) of section 36a-719 of the general statutes is
1296 repealed and the following is substituted in lieu thereof (*Effective October*
1297 *1, 2025*):

1298 (a) The commissioner shall issue a mortgage servicer license to an
1299 applicant for such license if the commissioner finds that: (1) The
1300 applicant has identified a qualified individual for its main office and a
1301 branch manager for each branch office where such business is
1302 conducted, provided such qualified individual and branch manager
1303 have supervisory authority over the mortgage servicer activities at the
1304 respective office location and at least three years' experience in the
1305 mortgage servicing business within the five years immediately
1306 preceding the date of the application for licensure; (2) notwithstanding
1307 the provisions of section 46a-80, the applicant, the control persons of the
1308 applicant, the qualified individual and any branch manager have not
1309 been convicted of or pled guilty or nolo contendere to, in a domestic,
1310 foreign or military court, a felony during the seven-year period
1311 preceding the date of the application for licensing or a felony involving
1312 an act of fraud or dishonesty, a breach of trust or money laundering at
1313 any time preceding the date of application, provided any pardon or
1314 expungement of a conviction shall not be a conviction for purposes of
1315 this subdivision; (3) the applicant demonstrates that the financial
1316 responsibility, character and general fitness of the applicant, the control

1317 persons of the applicant, the qualified individual and any branch
1318 manager command the confidence of the community and warrant a
1319 determination that the applicant will operate honestly, fairly and
1320 efficiently within the purposes of sections 36a-715 to 36a-719l, inclusive,
1321 as amended by this act; (4) the applicant has met the surety bond,
1322 fidelity bond and errors and omissions coverage requirement under
1323 section 36a-719c, as amended by this act; (5) the applicant, the control
1324 persons of the applicant, the qualified individual and any branch
1325 manager have not made a material misstatement in the application; and
1326 (6) the applicant has met any other similar requirements as determined
1327 by the commissioner. If the commissioner fails to make such findings,
1328 the commissioner shall not issue a license, and shall notify the applicant
1329 of the denial and the reasons for such denial. The commissioner may
1330 waive the requirements of subdivision (1) of this subsection relating to
1331 the supervision and experience of (A) a qualified individual where the
1332 applicant establishes to the satisfaction of the commissioner that the
1333 applicant (i) will not conduct any activity subject to licensure under
1334 sections 36a-715 to 36a-719l, inclusive, as amended by this act, at the
1335 main office, and (ii) has designated a qualified individual who is
1336 responsible for the actions of the applicant; and (B) a qualified
1337 individual or a branch manager where the applicant establishes to the
1338 satisfaction of the commissioner that the applicant (i) holds only
1339 mortgage servicing rights at the main office or branch office and
1340 conducts no other activity at such office, and (ii) has designated a
1341 qualified individual or branch manager at such main office or branch
1342 office who is responsible for the actions of the [application] applicant.
1343 No person licensed as a mortgage servicer and granted a waiver by the
1344 commissioner shall engage in any activity that would have precluded
1345 the issuance of such waiver without first designating a qualified
1346 individual or branch manager, as the case may be, who meets all
1347 applicable requirements of subdivision (1) of this subsection and is
1348 approved by the commissioner. For purposes of this subsection, the
1349 level of offense of the crime and the status of any conviction, pardon or
1350 expungement shall be determined by reference to the law of the
1351 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.

Sec. 30. Subparagraph (H) of subdivision (1) of subsection (d) 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, as amended by this act, 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.

Sec. 31. Subsections (h) to (u), inclusive, of section 36a-70 of the general statutes are 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) (A) 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] (i) Except as provided in subparagraph (B) of this subdivision, the population of the area to be served by the proposed Connecticut bank; [(B)] (ii) the competitive effect of the proposed Connecticut bank on the availability and quality

1383 of services in the market area to be served; [(C)] (iii) the likely impact of
1384 the proposed Connecticut bank on other financial institutions in the
1385 market area to be served; and [(D)] (iv) the convenience and needs of
1386 the market area to be served.

1387 (B) The provisions of subparagraph (A)(i) of this subdivision shall not
1388 apply to an innovation bank organized pursuant to subsection (t) of this
1389 section.

1390 (3) Except as otherwise provided in subsections (p), (q), (r), (s) and (t)
1391 of this section, the approving authority shall be, in the case of an
1392 application to organize a bank and trust company or a capital stock
1393 savings bank, a majority of the commissioner, State Treasurer, and State
1394 Comptroller, and, in the case of an application to organize a mutual
1395 savings bank or a mutual or capital stock savings and loan association,
1396 the commissioner acting alone.

1397 (i) If the application is approved by the approving authority, a
1398 temporary certificate of authority, valid for eighteen months, shall be
1399 issued to the organizers authorizing them to complete the organization
1400 of the Connecticut bank. The organizers shall thereupon file one copy of
1401 the temporary certificate of authority and one copy of the certificate of
1402 incorporation with the Secretary of the State. The commissioner may,
1403 upon the application of the organizers and after a hearing thereon,
1404 extend, for cause, the period for which the temporary certificate of
1405 authority is valid.

1406 (j) If the application is not approved by the approving authority, the
1407 approving authority shall, in writing, so notify the organizers. An
1408 appeal from the decision approving or disapproving the application
1409 may be taken in accordance with chapter 54.

1410 (k) (1) Prior to the issuance of a final certificate of authority, the
1411 organizers may (A) with the approval of the commissioner, amend the
1412 proposed certificate of incorporation to change (i) the name or the type
1413 of the Connecticut bank, (ii) the town in which the main office of the

1414 Connecticut bank is to be located, (iii) in the case of a capital stock
1415 Connecticut bank, the amount, authorized number and par value, if any,
1416 of shares of its capital stock, or (iv) the name of an organizer or
1417 prospective initial director of the Connecticut bank; (B) with the
1418 approval of the approving authority, amend a material provision of the
1419 proposed business plan, or amend the proposed certificate of
1420 incorporation to change the minimum amount of equity capital with
1421 which the Connecticut bank shall commence business, which amount
1422 may be less than its authorized capital but not less than that required by
1423 subsection (b) of this section; or (C) file notice with the commissioner to
1424 amend the proposed certificate of incorporation to change the
1425 occupation or residence, post office or business address of any organizer
1426 or prospective initial director of the Connecticut bank.

1427 (2) Upon receipt of an application to change the name of a
1428 Connecticut bank under subparagraph (A)(i) of subdivision (1) of this
1429 subsection, the commissioner shall cause notice of the filing of such
1430 application to be published in the department's weekly bulletin. The
1431 notice shall state that written objections to such application may be
1432 made, for a period of thirty days from the date of publication of the
1433 bulletin, on the grounds that the name selected will tend to confuse the
1434 public. If, in the opinion of the commissioner, the name selected by the
1435 organizers will not tend to confuse the public and if no objection is filed,
1436 the commissioner shall approve such change of name. If, in the opinion
1437 of the commissioner, the name selected will tend to confuse the public
1438 or if an objection is filed, the commissioner shall order a hearing to be
1439 held not less than twenty or more than thirty days from the date
1440 originally set for the filing of objections to the application for change of
1441 name, and notice of such hearing shall be published in the department's
1442 weekly bulletin at least fourteen days prior to the hearing. At the
1443 hearing, the commissioner shall hear all persons desiring to be heard
1444 and shall make a ruling within fifteen days.

1445 (3) The organizers shall file with the Secretary of the State any
1446 approval issued pursuant to this subsection, and the approved

1447 amendment shall become effective upon such filing. In the case of an
1448 amendment notice pursuant to subparagraph (C) of subdivision (1) of
1449 this subsection, the organizers shall file such amendment with the
1450 Secretary of the State, and such amendment shall become effective upon
1451 such filing.

1452 (l) The approving authority shall cause to be made an examination of
1453 the proposed Connecticut bank upon notice from the organizers that the
1454 following conditions have occurred: (1) The proposed bank has been
1455 fully organized according to law; (2) the State Treasurer has been paid
1456 the franchise tax and filing fee specified in subsection (o) of this section;
1457 (3) the proposed bank has raised the minimum equity capital required;
1458 and (4) in the case of a proposed capital stock Connecticut bank, a
1459 certified list of each subscriber who will own at least five per cent of any
1460 class of voting securities of the proposed bank, showing the number of
1461 shares owned by each, has been filed with the commissioner. If all
1462 provisions of law have been complied with, a final certificate of
1463 authority to commence the business for which the bank was organized
1464 shall be issued by the approving authority. One copy of the final
1465 certificate shall be filed with the Secretary of the State, one copy shall be
1466 retained by the bank, and one copy shall be retained by the
1467 commissioner.

1468 (m) The reasonable charges and expenses of organization or
1469 reorganization of a capital stock Connecticut bank, and the reasonable
1470 expenses of any compensation or discount for the sale, underwriting or
1471 purchase of its shares, may be paid or allowed by such bank out of the
1472 par value received by it for its shares, or in the case of shares without
1473 par value, out of the stated capital received by it for its shares, without
1474 rendering such shares not fully paid and nonassessable.

1475 (n) The Connecticut bank shall not commence business until: (1) A
1476 final certificate of authority has been issued in accordance with
1477 subsection (l) of this section, (2) except in the case of a trust bank, an
1478 interim Connecticut bank organized pursuant to subsection (p) of this
1479 section, or an innovation bank organized pursuant to subsection (t) of

1480 this section, until its insurable accounts or deposits are insured by the
1481 Federal Deposit Insurance Corporation or its successor agency, and (3)
1482 it has complied with the requirements of subsection (u) of this section,
1483 if applicable. The acceptance of subscriptions for deposits by a mutual
1484 savings bank or mutual savings and loan association as may be
1485 necessary to obtain insurance by the Federal Deposit Insurance
1486 Corporation or its successor agency shall not be considered to be
1487 commencing business. No Connecticut bank other than a trust bank
1488 may exercise any of the fiduciary powers granted to Connecticut banks
1489 by law until express authority therefor has been given by the
1490 commissioner.

1491 (o) Prior to the issuance of a final certificate of authority to commence
1492 business in accordance with subsection (l) of this section, the
1493 Connecticut bank shall pay to the State Treasurer a franchise tax,
1494 together with a filing fee of twenty dollars for the required papers. The
1495 franchise tax for a mutual savings bank and mutual savings and loan
1496 association shall be thirty dollars. The franchise tax for all capital stock
1497 Connecticut banks shall be one cent per share up to and including the
1498 first ten thousand authorized shares, one-half cent per share for each
1499 authorized share in excess of ten thousand shares up to and including
1500 one hundred thousand shares, one-quarter cent per share for each
1501 authorized share in excess of one hundred thousand shares up to and
1502 including one million shares and one-fifth cent per share for each
1503 authorized share in excess of one million shares.

1504 (p) (1) One or more persons may organize an interim Connecticut
1505 bank solely (A) for the acquisition of an existing bank, whether by
1506 acquisition of stock, by acquisition of assets, or by merger or
1507 consolidation, or (B) to facilitate any other corporate transaction
1508 authorized by this title in which the commissioner has determined that
1509 such transaction has adequate regulatory supervision to justify the
1510 organization of an interim Connecticut bank. Such interim Connecticut
1511 bank shall not accept deposits or otherwise commence business.
1512 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)

1513 of this section shall not apply to the organization of an interim bank,
1514 provided the commissioner may, in the commissioner's discretion,
1515 order a hearing under subsection (e) or require that the organizers
1516 publish or mail the proposed certificate of incorporation or both. The
1517 approving authority for an interim Connecticut bank shall be the
1518 commissioner acting alone. If the approving authority determines that
1519 the organization of the interim Connecticut bank complies with
1520 applicable law, the approving authority shall issue a temporary
1521 certificate of authority conditioned on the approval by the appropriate
1522 supervisory agency of the corporate transaction for which the interim
1523 Connecticut bank is formed.

1524 (2) (A) Notwithstanding any provision of this title, for the period
1525 from June 13, 2011, to September 30, 2013, inclusive, one or more
1526 persons may apply to the commissioner for the conditional preliminary
1527 approval of one or more expedited Connecticut banks organized
1528 primarily for the purpose of assuming liabilities and purchasing assets
1529 from the Federal Deposit Insurance Corporation when the Federal
1530 Deposit Insurance Corporation is acting as receiver or conservator of an
1531 insured depository institution. The application shall be made on a form
1532 acceptable to the commissioner and shall be executed and
1533 acknowledged by the applicant or applicants. Such application shall
1534 contain sufficient information for the commissioner to evaluate (i) the
1535 amount, type and sources of capital that would be available to the bank
1536 or banks; (ii) the ownership structure and holding companies, if any,
1537 over the bank or banks; (iii) the identity, biographical information and
1538 banking experience of each of the initial organizers and prospective
1539 initial directors, senior executive officers and any individual, group or
1540 proposed shareholders of the bank that will own or control ten per cent
1541 or more of the stock of the bank or banks; (iv) the overall strategic plan
1542 of the organizers and investors for the bank or banks; and (v) a
1543 preliminary business plan outlining intended product and business
1544 lines, retail branching plans and capital, earnings and liquidity
1545 projections. The commissioner, acting alone, shall grant conditional
1546 preliminary approval of such application to organize if the

1547 commissioner determines that the organizers have available sufficient
1548 committed funds to invest in the bank or banks; the organizers and
1549 proposed directors possess capacity and fitness for the duties and
1550 responsibilities with which they will be charged; the proposed bank or
1551 banks have a reasonable chance of success and will be operated in a safe
1552 and sound manner; and the fee for investigating and processing the
1553 application has been paid in accordance with subparagraph (H) of
1554 subdivision (1) of subsection (d) of section 36a-65, as amended by this
1555 act. Such preliminary approval shall be subject to such conditions as the
1556 commissioner deems appropriate, including the requirements that the
1557 bank or banks not commence the business of a Connecticut bank until
1558 after their bid or application for a particular insured depository
1559 institution is accepted by the Federal Deposit Insurance Corporation,
1560 that the background checks are satisfactory, and that the organizers
1561 submit, for the safety and soundness review by the commissioner, more
1562 detailed operating plans and current financial statements as potential
1563 acquisition transactions are considered, and such plans and statements
1564 are satisfactory to the commissioner. The commissioner may alter,
1565 suspend or revoke the conditional preliminary approval if the
1566 commissioner deems any interim development warrants such action.
1567 The conditional preliminary approval shall expire eighteen months
1568 from the date of approval, unless extended by the commissioner.

1569 (B) The commissioner shall not issue a final certificate of authority to
1570 commence the business of a Connecticut bank or banks under this
1571 subdivision until all conditions and preopening requirements and
1572 applicable state and federal regulatory requirements have been met and
1573 the fee for issuance of a final certificate of authority for an expedited
1574 Connecticut bank has been paid in accordance with subparagraph (M)
1575 of subdivision (1) of subsection (d) of section 36a-65. The commissioner
1576 may waive any requirement under this title or regulations adopted
1577 under this title that is necessary for the consummation of an acquisition
1578 involving an expedited Connecticut bank if the commissioner finds that
1579 such waiver is advisable and in the interest of depositors or the public,
1580 provided the commissioner shall not waive the requirement that the

1581 institution's insurable accounts or deposits be federally insured. Any
1582 such waiver granted by the commissioner under this subparagraph
1583 shall be in writing and shall set forth the reason or reasons for the
1584 waiver. The commissioner may impose conditions on the final certificate
1585 of authority as the commissioner deems necessary to ensure that the
1586 bank will be operated in a safe and sound manner. The commissioner
1587 shall cause notice of the issuance of the final certificate of authority to be
1588 published in the department's weekly bulletin.

1589 (q) (1) As used in this subsection, "bankers' bank" means a
1590 Connecticut bank that is (A) owned exclusively by (i) any combination
1591 of banks, out-of-state banks, Connecticut credit unions, federal credit
1592 unions, or out-of-state credit unions, or (ii) a bank holding company that
1593 is owned exclusively by any such combination, and (B) engaged
1594 exclusively in providing services for, or that indirectly benefit, other
1595 banks, out-of-state banks, Connecticut credit unions, federal credit
1596 unions, or out-of-state credit unions and their directors, officers and
1597 employees.

1598 (2) One or more persons may organize a bankers' bank in accordance
1599 with the provisions of this section, except that subsections (g) and (h) of
1600 this section shall not apply. The approving authority for a bankers' bank
1601 shall be the commissioner acting alone. Before granting a temporary
1602 certificate of authority in the case of an application to organize a
1603 bankers' bank, the approving authority shall consider (A) whether the
1604 proposed bankers' bank will facilitate the provision of services that such
1605 banks, out-of-state banks, Connecticut credit unions, federal credit
1606 unions, or out-of-state credit unions would not otherwise be able to
1607 readily obtain, and (B) the character and experience of the proposed
1608 directors and officers. The application to organize a bankers' bank shall
1609 be approved if the approving authority determines that the interest of
1610 the public will be directly or indirectly served to advantage by the
1611 establishment of the proposed bankers' bank, and the proposed
1612 directors possess capacity and fitness for the duties and responsibilities
1613 with which they will be charged.

1614 (3) A bankers' bank shall have all of the powers of and be subject to
1615 all of the requirements applicable to a Connecticut bank under this title
1616 which are not inconsistent with this subsection, except to the extent the
1617 commissioner limits such powers by regulation. Upon the written
1618 request of a bankers' bank, the commissioner may waive specific
1619 requirements of this title and the regulations adopted thereunder if the
1620 commissioner finds that (A) the requirement pertains primarily to banks
1621 that provide retail or consumer banking services and is inconsistent
1622 with this subsection, and (B) the requirement may impede the ability of
1623 the bankers' bank to compete or to provide desired services to its market
1624 provided, any such waiver and the commissioner's findings shall be in
1625 writing and shall be made available for public inspection.

1626 (4) The commissioner may adopt regulations, in accordance with
1627 chapter 54, to administer the provisions of this subsection.

1628 (r) (1) As used in this subsection and section 36a-139, "community
1629 bank" means a Connecticut bank that is organized pursuant to this
1630 subsection and is subject to the provisions of this subsection and section
1631 36a-139.

1632 (2) One or more persons may organize a community bank in
1633 accordance with the provisions of this section, except that subsection (g)
1634 of this section shall not apply. Any such community bank shall
1635 commence business with a minimum equity capital of at least three
1636 million dollars. The approving authority for a community bank shall be
1637 the commissioner acting alone. In addition to the considerations and
1638 determinations required by subsection (h) of this section, before
1639 granting a temporary certificate of authority to organize a community
1640 bank, the approving authority shall determine that (A) each of the
1641 proposed directors and proposed executive officers, as defined in
1642 subparagraph (D) of subdivision (3) of this subsection, possesses
1643 capacity and fitness for the duties and responsibilities with which such
1644 director or officer will be charged, and (B) there is satisfactory
1645 community support for the proposed community bank based on
1646 evidence of such support provided by the organizers to the approving

1647 authority. If the approving authority cannot make such determination
1648 with respect to any such proposed director or proposed executive
1649 officer, the approving authority may refuse to allow such proposed
1650 director or proposed executive officer to serve in such capacity in the
1651 proposed community bank.

1652 (3) A community bank shall have all of the powers of and be subject
1653 to all of the requirements and limitations applicable to a Connecticut
1654 bank under this title which are not inconsistent with this subsection,
1655 except: (A) No community bank may (i) exercise any of the fiduciary
1656 powers granted to Connecticut banks by law until express authority
1657 therefor has been given by the approving authority, (ii) establish and
1658 maintain one or more mutual funds, (iii) invest in derivative securities
1659 other than mortgage-backed securities fully guaranteed by
1660 governmental agencies or government sponsored agencies, (iv) own
1661 any real estate for the present or future use of the bank unless the
1662 approving authority finds, based on an independently prepared
1663 analysis of costs and benefits, that it would be less costly to the bank to
1664 own instead of lease such real estate, or (v) make mortgage loans
1665 secured by nonresidential real estate the aggregate amount of which, at
1666 the time of origination, exceeds ten per cent of all assets of such bank;
1667 (B) the aggregate amount of all loans made by a community bank shall
1668 not exceed eighty per cent of the total deposits held by such bank; (C) (i)
1669 the total direct or indirect liabilities of any one obligor, whether or not
1670 fully secured and however incurred, to any community bank, exclusive
1671 of such bank's investment in the investment securities of such obligor,
1672 shall not exceed at the time incurred ten per cent of the equity capital
1673 and reserves for loan and lease losses of such bank, and (ii) the
1674 limitations set forth in subsection (a) of section 36a-262 shall apply to
1675 this subparagraph; and (D) the limitations set forth in subsection (a) of
1676 section 36a-263 shall apply to all community banks, provided, a
1677 community bank may (i) make a mortgage loan to any director or
1678 executive officer secured by premises occupied or to be occupied by
1679 such director or officer as a primary residence, (ii) make an educational
1680 loan to any director or executive officer for the education of any child of

1681 such director or executive officer, and (iii) extend credit to any director
1682 or executive officer in an amount not exceeding ten thousand dollars for
1683 extensions of credit not otherwise specifically authorized in this
1684 subparagraph. The aggregate amount of all loans or extensions of credit
1685 made by a community bank pursuant to this subparagraph shall not
1686 exceed thirty-three and one-third per cent of the equity capital and
1687 reserves for loan and lease losses of such bank. As used in this
1688 subparagraph, "executive officer" means every officer of a community
1689 bank who participates or has authority to participate, other than in the
1690 capacity of a director, in major policy-making functions of the bank,
1691 regardless of whether such officer has an official title or whether such
1692 officer serves without salary or other compensation. The vice president,
1693 chief financial officer, secretary and treasurer of a community bank are
1694 presumed to be executive officers unless, by resolution of the governing
1695 board or by the bank's bylaws, any such officer is excluded from
1696 participation in major policy-making functions, other than in the
1697 capacity of a director of the bank, and such officer does not actually
1698 participate in major policy-making functions.

1699 (4) The audit and examination requirements set forth in section 36a-
1700 86 shall apply to each community bank.

1701 (5) The commissioner may adopt regulations, in accordance with
1702 chapter 54, to administer the provisions of this subsection and section
1703 36a-139.

1704 (s) (1) As used in this subsection, "community development bank"
1705 means a Connecticut bank that is organized to serve the banking needs
1706 of a well-defined neighborhood, community or other geographic area as
1707 determined by the commissioner, primarily, but not exclusively, by
1708 making commercial loans in amounts of one hundred fifty thousand
1709 dollars or less to existing businesses or to persons seeking to establish
1710 businesses located within such neighborhood, community or
1711 geographic area.

1712 (2) One or more persons may organize a community development

1713 bank in accordance with the provisions of this section, except that
1714 subsection (g) of this section shall not apply. The approving authority
1715 for a community development bank shall be the commissioner acting
1716 alone. Any such community development bank shall commence
1717 business with a minimum equity capital determined by the
1718 commissioner to be appropriate for the proposed activities of such bank,
1719 provided, if such proposed activities include accepting deposits, such
1720 minimum equity capital shall be sufficient to enable such deposits to be
1721 insured by the Federal Deposit Insurance Corporation or its successor
1722 agency.

1723 (3) The state, acting through the State Treasurer, may be the sole
1724 organizer of a community development bank or may participate with
1725 any other person or persons in the organization of any community
1726 development bank, and may own all or a part of any capital stock of
1727 such bank. No application fee shall be required under subparagraph (H)
1728 of subdivision (1) of subsection (d) of section 36a-65, as amended by this
1729 act, and no franchise tax shall be required under subsection (o) of this
1730 section for any community development bank organized by or in
1731 participation with the state.

1732 (4) In addition to the considerations and determinations required by
1733 subsection (h) of this section, before granting a temporary certificate of
1734 authority to organize a community development bank, the approving
1735 authority shall determine that (A) each of the proposed directors and
1736 proposed executive officers possesses capacity and fitness for the duties
1737 and responsibilities with which such director or officer will be charged,
1738 and (B) there is satisfactory community support for the proposed
1739 community development bank based on evidence of such support
1740 provided by the organizers to the approving authority. If the approving
1741 authority cannot make such determination with respect to any such
1742 proposed director or proposed executive officer, the approving
1743 authority may refuse to allow such proposed director or proposed
1744 executive officer to serve in such capacity in the proposed community
1745 development bank. As used in this subdivision, "executive officer"

1746 means every officer of a community development bank who
1747 participates or has authority to participate, other than in the capacity of
1748 a director, in major policy-making functions of the bank, regardless of
1749 whether such officer has an official title or whether such officer serves
1750 without salary or other compensation. The vice president, chief financial
1751 officer, secretary and treasurer of a community development bank are
1752 presumed to be executive officers unless, by resolution of the governing
1753 board or by the bank's bylaws, any such officer is excluded from
1754 participation in major policy-making functions, other than in the
1755 capacity of a director of the bank, and such officer does not actually
1756 participate in major policy-making functions.

1757 (5) Notwithstanding any contrary provision of this title: (A) The
1758 commissioner may limit the powers that may be exercised by a
1759 community development bank or impose conditions on the exercise by
1760 such bank of any power allowed by this title as the commissioner deems
1761 necessary in the interest of the public and for the safety and soundness
1762 of the community development bank, provided, any such limitations or
1763 conditions, or both, shall be set forth in the final certificate of authority
1764 issued in accordance with subsection (l) of this section; and (B) the
1765 commissioner may waive in writing any requirement imposed on a
1766 community development bank under this title or any regulation
1767 adopted under this title if the commissioner finds that such requirement
1768 is inconsistent with the powers that may be exercised by such
1769 community development bank under its final certificate of authority.

1770 (6) The commissioner may adopt regulations, in accordance with
1771 chapter 54, to carry out the provisions of this subsection.

1772 (t) (1) One or more persons may organize an innovation bank in
1773 accordance with the provisions of this section, except that subsection (g)
1774 of this section shall not apply. The approving authority for an
1775 innovation bank shall be the commissioner acting alone. Any such
1776 innovation bank shall commence business with a minimum equity
1777 capital of at least five million dollars unless the commissioner
1778 establishes a different minimum capital requirement for such

1779 innovation bank based upon its proposed activities.

1780 (2) An innovation bank shall have all of the powers of and be subject
1781 to all of the requirements and limitations applicable to a Connecticut
1782 bank under this title which are not inconsistent with this subsection,
1783 except no innovation bank may accept retail deposits and,
1784 notwithstanding any provision of this title, sections 36a-30 to 36a-34,
1785 inclusive, do not apply to innovation banks.

1786 (3) (A) An innovation bank shall display conspicuously, at each
1787 window or other place where deposits are usually accepted, a sign
1788 stating that deposits are not insured by the Federal Deposit Insurance
1789 Corporation or its successor agency.

1790 (B) An innovation bank shall either (i) include in boldface
1791 conspicuous type on each signature card, passbook, and instrument
1792 evidencing a deposit the following statement: "This deposit is not
1793 insured by the FDIC", or (ii) require each depositor to execute a
1794 statement that acknowledges that the initial deposit and all future
1795 deposits at the innovation bank are not insured by the Federal Deposit
1796 Insurance Corporation or its successor agency. The innovation bank
1797 shall retain such acknowledgment as long as the depositor maintains
1798 any deposit with the innovation bank.

1799 (C) An innovation bank shall include on all of its deposit-related
1800 advertising a conspicuous statement that deposits are not insured by the
1801 Federal Deposit Insurance Corporation or its successor agency.

1802 (4) Notwithstanding any provision of this title, an innovation bank
1803 may accept and hold nonretail deposits, including, but not limited to,
1804 nonretail deposits received from a corporation that owns the majority of
1805 the shares of the innovation bank. An innovation bank may secure
1806 deposit insurance for such nonretail deposits, including from the
1807 Federal Deposit Insurance Corporation.

1808 (u) (1) Each trust bank and innovation bank shall keep assets on
1809 deposit in the amount of at least one million five hundred thousand

1810 dollars with such banks as the commissioner may approve. [provided
1811 a trust bank or innovation bank that received its final certificate of
1812 authority prior to May 12, 2004, shall keep assets on deposit as follows:
1813 At least two hundred fifty thousand dollars no later than one year from
1814 May 12, 2004, at least five hundred thousand dollars no later than two
1815 years from said date, at least seven hundred fifty thousand dollars no
1816 later than three years from said date and at least one million dollars no
1817 later than four years from said date.] No trust bank or innovation bank
1818 shall make a deposit pursuant to this section until the bank at which the
1819 assets are to be deposited and the trust bank or innovation bank shall
1820 have executed a deposit agreement satisfactory to the commissioner.
1821 The value of such assets shall be based upon the principal amount or
1822 market value, whichever is lower. If the commissioner determines that
1823 an asset that otherwise qualifies under this section shall be valued at less
1824 than the amount otherwise provided in this subdivision, the
1825 commissioner shall so notify the trust bank or innovation bank, which
1826 shall thereafter value such asset as directed by the commissioner.

1827 (2) As used in this subsection, "assets" means: (A) United States dollar
1828 deposits payable in the United States, other than certificates of deposit;
1829 (B) bonds, notes, debentures or other obligations of the United States or
1830 any agency or instrumentality thereof, or guaranteed by the United
1831 States, or of this state or of a county, city, town, village, school district,
1832 or instrumentality of this state or guaranteed by this state; (C) bonds,
1833 notes, debentures or other obligations issued by the Federal Home Loan
1834 Mortgage Corporation and the Federal National Mortgage Corporation;
1835 (D) commercial paper payable in dollars in the United States, provided
1836 such paper is rated in one of the three highest rating categories by a
1837 rating service recognized by the commissioner. In the event that an issue
1838 of commercial paper is rated by more than one recognized rating
1839 service, it shall be rated in one of the three highest rating categories by
1840 each such rating service; (E) negotiable certificates of deposit that are
1841 payable in the United States; (F) reserves held at a federal reserve bank;
1842 and (G) such other assets as determined by the commissioner upon
1843 written application.

1844 Sec. 32. Subsection (b) of section 36a-81 of the general statutes is
1845 repealed and the following is substituted in lieu thereof (*Effective July 1,*
1846 *2025*):

1847 (b) (1) The commissioner, before granting an approval under
1848 subsection (a) of this section, shall consider: [(1)] (A) The population of
1849 the area to be served by the proposed relocation of the main office of the
1850 Connecticut bank; [(2)] (B) the adequacy of existing banking facilities;
1851 [(3)] (C) the economic need for such proposed relocation; and [(4)] (D)
1852 except as provided in subdivision (2) of this subsection, the convenience
1853 and necessity to the public of the proposed relocation.

1854 (2) The provisions of subparagraph (D) of subdivision (1) of this
1855 subsection shall not apply to an innovation bank organized pursuant to
1856 subsection (t) of section 36a-70, as amended by this act.

1857 Sec. 33. Subsection (c) of section 36a-82 of the general statutes is
1858 repealed and the following is substituted in lieu thereof (*Effective July 1,*
1859 *2025*):

1860 (c) Upon receiving such application, the commissioner shall cause
1861 notice of its submission to be published in the department's weekly
1862 bulletin. The notice shall state that written objections to such application
1863 may be made, for a period of [thirty] fifteen days from the date of
1864 publication of the bulletin, on the grounds that the name selected will
1865 tend to confuse the public. At least ten days prior to the date by which
1866 objections may be made, the applicant shall send a copy of the
1867 application and a notice of the date by a means that provides a signature
1868 as proof of delivery, including, but not limited to, registered or certified
1869 mail, return receipt requested, to each bank or out-of-state bank having
1870 its main office or a branch in the town or towns in which the applicant
1871 has its main office or a branch.

1872 Sec. 34. Subsection (b) of section 36a-223 of the general statutes is
1873 repealed and the following is substituted in lieu thereof (*Effective July 1,*
1874 *2025*):

1875 (b) [The] (1) Except as provided in subdivision (2) of this subsection,
1876 the duty of the receiver shall be to place the Connecticut bank or
1877 Connecticut credit union in liquidation and proceed to realize upon the
1878 assets of such bank or credit union, having due regard for the conditions
1879 of credit in the locality of such bank or credit union.

1880 (2) For an innovation bank organized pursuant to subsection (t) of
1881 section 36a-70, as amended by this act, the duty of the receiver shall be
1882 to place the innovation bank in liquidation and proceed to realize upon
1883 the assets of such innovation bank, having due regard for the conditions
1884 of credit of such innovation bank.

1885 Sec. 35. Section 36b-6 of the general statutes is repealed and the
1886 following is substituted in lieu thereof (*Effective from passage*):

1887 (a) [No] Except as provided in subsection (f) of this section, no person
1888 shall transact business in this state as a broker-dealer unless such person
1889 is registered under sections 36b-2 to 36b-34, inclusive. No person shall
1890 transact business in this state as a broker-dealer in contravention of a
1891 sanction that is currently effective imposed by the Securities and
1892 Exchange Commission or by a self-regulatory organization of which
1893 such person is a member if the sanction would prohibit such person
1894 from effecting transactions in securities in this state. No individual shall
1895 transact business as an agent in this state unless such individual is (1)
1896 registered as an agent of the broker-dealer or issuer whom such
1897 individual represents in transacting such business, or (2) an associated
1898 person who represents a broker-dealer in effecting transactions
1899 described in subdivisions (3) and (4) of Section 15(i) of the Securities
1900 Exchange Act of 1934. No individual shall transact business in this state
1901 as an agent of a broker-dealer in contravention of a sanction that is
1902 currently effective imposed by the Securities and Exchange Commission
1903 or a self-regulatory organization of which the employing broker-dealer
1904 is a member if the sanction would prohibit the individual employed by
1905 such broker-dealer from effecting transactions in securities in this state.

1906 (b) No issuer shall employ an agent unless such agent is registered

1907 under sections 36b-2 to 36b-34, inclusive. No broker-dealer shall employ
1908 an agent unless such agent is (1) registered under sections 36b-2 to 36b-
1909 34, inclusive, or (2) an associated person who represents a broker-dealer
1910 in effecting transactions described in subdivisions (2) and (3) of Section
1911 15(h) of the Securities Exchange Act of 1934. The registration of an agent
1912 is not effective during any period when such agent is not associated with
1913 a particular broker-dealer registered under sections 36b-2 to 36b-34,
1914 inclusive, or a particular issuer. When an agent begins or terminates a
1915 connection with a broker-dealer or issuer, or begins or terminates those
1916 activities which make such individual an agent, both the agent and the
1917 broker-dealer or issuer shall promptly notify the commissioner.

1918 (c) (1) No person shall transact business in this state as an investment
1919 adviser unless registered as such by the commissioner as provided in
1920 sections 36b-2 to 36b-34, inclusive, or exempted pursuant to subsection
1921 (e) of this section. No person shall transact business, directly or
1922 indirectly, in this state as an investment adviser if the registration of
1923 such investment adviser is suspended or revoked or, in the case of an
1924 investment adviser who is an individual, the investment adviser is
1925 barred from employment or association with an investment adviser or
1926 broker-dealer by order of the commissioner, the Securities and
1927 Exchange Commission or a self-regulatory organization.

1928 (2) No individual shall transact business in this state as an investment
1929 adviser agent unless such individual is registered as an investment
1930 adviser agent of the investment adviser for which such individual acts
1931 in transacting such business. An investment adviser agent registered
1932 under sections 36b-2 to 36b-34, inclusive, who refers advisory clients to
1933 another investment adviser registered under said sections 36b-2 to 36b-
1934 34, inclusive, or to an investment adviser registered with the Securities
1935 and Exchange Commission that has filed a notice under subsection (e)
1936 of this section, is not required to register as an investment adviser agent
1937 of such investment adviser if the only compensation paid for such
1938 referral services is paid to the investment adviser with whom the
1939 individual is employed or associated. No individual shall transact

1940 business, directly or indirectly, in this state as an investment adviser
1941 agent on behalf of an investment adviser if the registration of such
1942 individual as an investment adviser agent is suspended or revoked or
1943 the individual is barred from employment or association with an
1944 investment adviser by an order of the commissioner, the Securities and
1945 Exchange Commission or a self-regulatory organization.

1946 (3) No investment adviser shall engage an investment adviser agent
1947 unless such investment adviser agent is registered under sections 36b-2
1948 to 36b-34, inclusive. The registration of an investment adviser agent is
1949 not effective during any period when such investment adviser agent is
1950 not associated with a particular investment adviser. When an
1951 investment adviser agent begins or terminates a connection with an
1952 investment adviser, both the investment adviser agent and the
1953 investment adviser shall promptly notify the commissioner. If an
1954 investment adviser or investment adviser agent provides such notice,
1955 such investment adviser or investment adviser agent shall not be liable
1956 for the failure of the other to give such notice.

1957 (d) [No] Except as provided in subsection (f) of this section, no
1958 broker-dealer or investment adviser shall transact business from any
1959 place of business located within this state unless that place of business
1960 is registered as a branch office with the commissioner pursuant to this
1961 subsection. An application for branch office registration shall be made
1962 on forms prescribed by the commissioner and shall be filed with the
1963 commissioner, together with a nonrefundable application fee of one
1964 hundred twenty-five dollars per branch office. A broker-dealer or
1965 investment adviser shall promptly notify the commissioner in writing if
1966 such broker-dealer or investment adviser (1) engages a new manager at
1967 a branch office in this state, (2) acquires a branch office of another
1968 broker-dealer or investment adviser in this state, or (3) relocates a
1969 branch office in this state. In the case of a branch office acquisition or
1970 relocation, such broker-dealer or investment adviser shall pay to the
1971 commissioner a nonrefundable fee of one hundred twenty-five dollars.
1972 Each registrant or applicant for branch office registration shall pay the

1973 actual cost, as determined by the commissioner, of any reasonable
1974 investigation or examination made of such registrant or applicant by or
1975 on behalf of the commissioner.

1976 (e) The following investment advisers are exempted from the
1977 registration requirements under subsection (c) of this section: Any
1978 investment adviser that (1) is registered or required to be registered
1979 under Section 203 of the Investment Advisers Act of 1940, [;] (2) is
1980 excepted from the definition of investment adviser under Section
1981 202(a)(11) of the Investment Advisers Act of 1940, [;] or (3) has no place
1982 of business in this state and, during the preceding twelve months, has
1983 had no more than five clients who are residents of this state. Any
1984 investment adviser claiming an exemption pursuant to subdivision (1)
1985 of this subsection that is not otherwise excluded under subsection (11)
1986 of section 36b-3 [;] shall first file with the commissioner a notice of
1987 exemption together with a consent to service of process as required by
1988 subsection (g) of section 36b-33, and shall pay to the commissioner or to
1989 any person designated by the commissioner, in writing, to collect such
1990 fee on behalf of the commissioner a nonrefundable fee of two hundred
1991 seventy-five dollars. The notice of exemption shall contain such
1992 information as the commissioner may require. Such notice of exemption
1993 shall be valid until December thirty-first of the calendar year in which it
1994 was first filed and may be renewed annually thereafter upon submission
1995 of such information as the commissioner may require together with a
1996 nonrefundable fee of one hundred seventy-five dollars. If any
1997 investment adviser that is exempted from registration pursuant to
1998 subdivision (1) of this subsection fails or refuses to pay any fee required
1999 by this subsection, the commissioner may require such investment
2000 adviser to register pursuant to subsection (c) of this section. For
2001 purposes of this subsection, a delay in the payment of a fee or an
2002 underpayment of a fee which is promptly remedied shall not constitute
2003 a failure or refusal to pay such fee.

2004 (f) (1) For the purposes of this subsection:

2005 (A) "Business combination related shell company" means a shell

2006 company that is formed by a nonshell company solely for the purpose
2007 of (i) changing the corporate domicile of such nonshell company solely
2008 within the United States, or (ii) completing a business combination
2009 transaction, as defined in 17 CFR 230.165(f), as amended from time to
2010 time, among one or more entities that do not include (I) the nonshell
2011 company itself, or (II) any shell company.

2012 (B) "Control" means the power, directly or indirectly, to direct the
2013 management or policies of a company, whether through ownership of
2014 securities, by contract or otherwise. There shall be a presumption of
2015 control if, upon completion of a transaction, a buyer or group of buyers:

2016 (i) Has the right to vote at least twenty-five per cent of any class of
2017 voting securities or the power to sell or direct the sale of at least twenty-
2018 five per cent of any class of voting securities; or

2019 (ii) In the case of a partnership or limited liability company, has the
2020 right to receive upon dissolution, or has contributed, at least twenty-five
2021 per cent of the capital of the partnership or limited liability company.

2022 (C) "Eligible privately held company" means a company that:

2023 (i) Does not have any class of securities registered, or required to be
2024 registered, with the Securities and Exchange Commission under Section
2025 12 of the Securities Exchange Act of 1934, 15 USC 78l, as amended from
2026 time to time, or with respect to which the company files, or is required
2027 to file, periodic information, documents and reports under Section 15(d)
2028 of the Securities Exchange Act of 1934, 15 USC 78o(d), as amended from
2029 time to time; and

2030 (ii) In the fiscal year ending immediately prior to the fiscal year when
2031 the services of a merger and acquisition broker-dealer are first engaged
2032 with respect to a securities transaction, the company, as determined in
2033 accordance with the historical financial accounting records of such
2034 company, meets either or both of the following conditions:

2035 (I) Company earnings before interest, taxes, depreciation and

2036 amortization are less than twenty-five million dollars or such other
2037 amount as the Securities and Exchange Commission by rule determines;
2038 and

2039 (II) Company gross revenues are less than two hundred fifty million
2040 dollars or such other amount as the Securities and Exchange
2041 Commission by rule determines.

2042 (D) "Merger and acquisition broker-dealer" means a broker-dealer,
2043 and any person associated with such broker-dealer, who, on behalf of a
2044 seller or buyer, engages in the business of effecting securities
2045 transactions solely in connection with the transfer of ownership of an
2046 eligible privately held company, through the purchase, sale, exchange,
2047 issuance, repurchase or redemption of, or a business combination
2048 involving the purchase, sale, exchange, issuance, repurchase or
2049 redemption of, securities or assets of the eligible privately held
2050 company, and:

2051 (i) The broker-dealer reasonably believes that, when the transaction
2052 is consummated, any person acquiring securities or assets of the eligible
2053 privately held company, acting alone or in concert, will control the
2054 eligible privately held company or the business conducted with the
2055 assets of the eligible privately held company and, directly or indirectly,
2056 will be active in the management of the eligible privately held company
2057 or the business conducted with the assets of the eligible privately held
2058 company. A person shall be deemed active in the management of the
2059 eligible privately held company or the business conducted with the
2060 assets of the eligible privately held company when such person's
2061 activities include, without limitation, electing executive officers,
2062 approving the annual budget or serving as an executive or other
2063 executive manager; and

2064 (ii) If any person is offered securities in exchange for securities or
2065 assets of the eligible privately held company, such person, prior to
2066 becoming legally bound to consummate the transaction, receives or will
2067 have reasonable access to:

2068 (I) The most recent fiscal year-end financial statements of the issuer
2069 of the securities as customarily prepared by its management in the
2070 normal course of operations and, if the financial statements of the issuer
2071 are audited, reviewed or compiled, any related statement by the
2072 independent accountant;

2073 (II) A balance sheet dated not more than one hundred twenty days
2074 before the date of the exchange offer; and

2075 (III) Information pertaining to the management, business, results of
2076 operations for the period covered by the foregoing financial statements
2077 and any material loss contingencies of the issuer.

2078 (E) "Shell company" means a company that, at the time of a
2079 transaction with an eligible privately held company, has no or nominal
2080 operations and has no or nominal assets, assets consisting solely of cash
2081 and cash equivalents or assets consisting of any amount of cash and cash
2082 equivalents and nominal other assets.

2083 (2) A merger and acquisition broker-dealer and those individuals
2084 representing the merger and acquisition broker-dealer solely in
2085 performing the services described in this subsection shall be exempt
2086 from the registration requirements in subsections (a) and (d) of this
2087 section unless the merger and acquisition broker-dealer is disqualified
2088 under subdivision (3) of this subsection.

2089 (3) A merger and acquisition broker-dealer shall be ineligible to claim
2090 an exemption from registration under this subsection if:

2091 (A) The merger and acquisition broker-dealer, directly or indirectly
2092 and in connection with the transfer of ownership of an eligible privately
2093 held company, receives, holds, transmits or has custody of the funds or
2094 securities to be exchanged by the parties to the transaction;

2095 (B) The merger and acquisition broker-dealer engages, on behalf of
2096 an issuer, in a public offering of any class of securities that is registered,
2097 or is required to be registered, with the Securities and Exchange

2098 Commission under Section 12 of the Securities Exchange Act of 1934, 15
2099 USC 78l, as amended from time to time, or with respect to which the
2100 issuer files, or is required to file, periodic information, documents and
2101 reports under Section 15(d) of the Securities Exchange Act of 1934, 15
2102 USC 78o(d), as amended from time to time;

2103 (C) The merger and acquisition broker-dealer engages, on behalf of
2104 any party, in a transaction involving a shell company, other than a
2105 business combination related shell company;

2106 (D) The merger and acquisition broker-dealer directly, or indirectly
2107 through any of its affiliates, provides financing related to the transfer of
2108 ownership of an eligible privately held company;

2109 (E) The merger and acquisition broker-dealer helps any party to
2110 obtain financing from an unaffiliated third party without complying
2111 with all other applicable laws in connection with such assistance,
2112 including, but not limited to, Regulation T, 12 CFR Part 220, as amended
2113 from time to time, if applicable, and disclosing any compensation in
2114 writing to the party;

2115 (F) The merger and acquisition broker-dealer represents both the
2116 buyer and the seller in the same transaction without providing clear
2117 written disclosure as to the parties the broker-dealer represents and
2118 obtaining written consent from both parties to the joint representation;

2119 (G) The merger and acquisition broker-dealer facilitates a transaction
2120 with a group of buyers formed with the assistance of the merger and
2121 acquisition broker-dealer to acquire the eligible privately held company;

2122 (H) The merger and acquisition broker-dealer engages in a
2123 transaction involving the transfer of ownership of an eligible privately
2124 held company to a passive buyer or group of passive buyers;

2125 (I) The merger and acquisition broker-dealer binds a party to a
2126 transfer of ownership of an eligible privately held company; or

2127 (J) The merger and acquisition broker-dealer, or any of the merger
2128 and acquisition broker-dealer's officers, directors, members, managers,
2129 partners, control persons or employees, is subject to a sanction described
2130 in subparagraph (C), (D), (E) or (F) of subdivision (2) of subsection (a)
2131 of section 36b-15, as amended by this act.

2132 ~~[(f)]~~ (g) Any broker-dealer or investment adviser ceasing to transact
2133 business at any branch office or main office in this state shall, in addition
2134 to providing written notice to the commissioner prior to the termination
2135 of business activity at that office, (1) provide written notice to each
2136 customer or client serviced by such office at least ten business days prior
2137 to the termination of business activity at that office, or (2) demonstrate
2138 to the commissioner, in writing, the reasons why such notice to
2139 customers or clients cannot be provided within the time prescribed. If
2140 the commissioner finds that the broker-dealer or investment adviser
2141 cannot provide notice to customers or clients at least ten business days
2142 prior to the termination of business activity, the commissioner may
2143 exempt the broker-dealer or investment adviser from giving such notice.
2144 The commissioner shall act upon a request for such exemption within
2145 five business days following receipt by the commissioner of the written
2146 request for such an exemption. The notice to customers or clients shall
2147 contain the following information: The date and reasons why business
2148 activity will terminate at the office; if applicable, a description of the
2149 procedure the customer or client may follow to maintain the customer's
2150 account at any other office of the broker-dealer or investment adviser;
2151 the procedure for transferring the customer's or client's account to
2152 another broker-dealer or investment adviser; and the procedure for
2153 making delivery to the customer or client of any funds or securities held
2154 by the broker-dealer or investment adviser.

2155 ~~[(g)]~~ (h) Any broker-dealer or investment adviser ceasing to transact
2156 business at any branch office or main office in this state as a result of
2157 executing an agreement and plan of merger or acquisition shall provide
2158 written notice to the commissioner and to each customer or client
2159 serviced by such office not later than the date such merger or acquisition

2160 is completed. The notice provided to each customer or client shall
2161 contain the information specified in subsection ~~[(f)] (g)~~ of this section.

2162 ~~[(h)] (i)~~ Any broker-dealer or investment adviser ceasing to transact
2163 business at any branch office or main office in this state as a result of the
2164 commencement of a bankruptcy proceeding by such broker-dealer or
2165 investment adviser or by a creditor or creditors of such broker-dealer or
2166 investment adviser shall, immediately upon the filing of a petition with
2167 the bankruptcy court, provide written notice to the commissioner. The
2168 commissioner shall determine the time and manner in which notice
2169 shall be provided to each customer or client serviced by such office.

2170 ~~[(i)] (j)~~ (1) A broker-dealer or investment adviser may succeed to the
2171 current registration of another broker-dealer or investment adviser or to
2172 a notice filing of an investment adviser registered with the Securities
2173 and Exchange Commission, and an investment adviser registered with
2174 the Securities and Exchange Commission may succeed to the current
2175 registration of an investment adviser or to a notice filing of another
2176 investment adviser registered with the Securities and Exchange
2177 Commission, by filing as a successor an application for registration
2178 pursuant to section 36b-7 or a notice pursuant to subsection (e) of this
2179 section for the unexpired portion of the current registration or notice
2180 filing and paying the fee required by subsection (a) of section 36b-12.

2181 (2) A broker-dealer or investment adviser that changes its form of
2182 organization or state of incorporation or organization may continue its
2183 registration by filing an amendment to its registration if the change does
2184 not involve a material change in its management. The amendment shall
2185 become effective when filed or on a date designated by the registrant in
2186 its filing. The new organization shall be a successor to the original
2187 registrant for the purposes of sections 36b-2 to 36b-34, inclusive. If there
2188 is a material change in management, the broker-dealer or investment
2189 adviser shall file a new application for registration. A predecessor
2190 registered under sections 36b-2 to 36b-34, inclusive, shall stop
2191 conducting its securities business or investment advisory business other
2192 than winding down transactions and shall file for withdrawal of its

2193 broker-dealer or investment adviser registration not later than forty-five
2194 days after filing its amendment to effect succession.

2195 (3) A broker-dealer or investment adviser that changes its name may
2196 continue its registration by filing an amendment to its registration. The
2197 amendment shall become effective when filed or on a date designated
2198 by the registrant.

2199 (4) The commissioner may, by regulation adopted [.] in accordance
2200 with chapter 54 [.] or order, prescribe the means by which a change of
2201 control of a broker-dealer or investment adviser may be made.

2202 (5) Nothing in this subsection shall relieve a registrant of its
2203 obligation to pay agent and investment adviser agent transfer fees as
2204 described in subsection (d) of section 36b-12.

2205 [(j)] (k) The commissioner may, by regulation adopted [.] in
2206 accordance with chapter 54 [.] or order, require an agent or investment
2207 adviser agent to participate in a continuing education program
2208 approved by the Securities and Exchange Commission and
2209 administered by a self-regulatory organization or, in the absence of such
2210 a program, the commissioner may require continuing education for
2211 registered investment adviser agents by regulation or order.

2212 [(k)] (l) For purposes of subsections (d), [(f),] (g), [and] (h) and (i) of
2213 this section, "investment adviser" means an investment adviser
2214 registered or required to be registered with the commissioner.

2215 [(l)] (m) The commissioner may by rule, regulation or order,
2216 conditionally or unconditionally, exempt from the requirements of this
2217 section any person or class of persons upon a finding that such
2218 exemption is in the public interest and consistent with the protection of
2219 investors and the purposes fairly intended by the policy and provisions
2220 of this chapter.

2221 Sec. 36. Subsection (a) of section 36b-15 of the general statutes is
2222 repealed and the following is substituted in lieu thereof (*Effective from*

2223 *passage*):

2224 (a) The commissioner may, by order, deny, suspend or revoke any
2225 registration, censure or impose a bar upon any registrant, any partner,
2226 officer or director of any registrant or any other person directly or
2227 indirectly controlling any registrant or, by order, restrict or impose
2228 conditions on the securities or investment advisory activities that an
2229 applicant or registrant may perform in this state if the commissioner
2230 finds that (1) the order is in the public interest, and (2) the applicant or
2231 registrant or, in the case of a broker-dealer or investment adviser, any
2232 partner, officer [,] or director, any person occupying a similar status or
2233 performing similar functions, or any person directly or indirectly
2234 controlling the broker-dealer or investment adviser: (A) Has filed an
2235 application for registration which as of its effective date, or as of any
2236 date after filing in the case of an order denying effectiveness, was
2237 incomplete in any material respect or contained any statement which
2238 was, in light of the circumstances under which it was made, false or
2239 misleading with respect to any material fact; (B) has wilfully violated or
2240 wilfully failed to comply with any provision of sections 36b-2 to 36b-34,
2241 inclusive, or a predecessor statute or any regulation or order under said
2242 sections or a predecessor statute; (C) has been convicted, within the past
2243 ten years, of any misdemeanor involving a security, any aspect of a
2244 business involving securities, commodities, investments, franchises,
2245 business opportunities, insurance, banking or finance, or any felony,
2246 provided any denial, suspension or revocation of such registration shall
2247 be in accordance with the provisions of section 46a-80; (D) is
2248 permanently or temporarily enjoined by any court of competent
2249 jurisdiction from engaging in or continuing any conduct or practice
2250 involving any aspect of a business involving securities, commodities,
2251 investments, franchises, business opportunities, insurance, banking or
2252 finance; (E) is the subject of a cease and desist order of the commissioner
2253 or an order of the commissioner denying, suspending [,] or revoking
2254 registration as a broker-dealer, agent, investment adviser or investment
2255 adviser agent; (F) is the subject of any of the following sanctions that are
2256 currently effective or were imposed within the past ten years: (i) An

2257 order issued by the securities administrator of any other state or by the
2258 Securities and Exchange Commission or the Commodity Futures
2259 Trading Commission denying, suspending or revoking registration as a
2260 broker-dealer, agent, investment adviser, investment adviser agent or a
2261 person required to be registered under the Commodity Exchange Act, 7
2262 USC 1 et seq., as from time to time amended, and the rules and
2263 regulations thereunder, or the substantial equivalent of those terms, as
2264 defined in sections 36b-2 to 36b-34, inclusive, (ii) an order of the
2265 Securities and Exchange Commission or Commodity Futures Trading
2266 Commission suspending or expelling such applicant, registrant or
2267 person from a national securities or commodities exchange or national
2268 securities or commodities association registered under the Securities
2269 Exchange Act of 1934 or the Commodity Exchange Act, 7 USC 1 et seq.,
2270 as from time to time amended, or, in the case of an individual, an order
2271 of the Securities and Exchange Commission or an equivalent order of
2272 the Commodity Futures Trading Commission barring such individual
2273 from association with a broker-dealer or an investment adviser, (iii) a
2274 suspension, expulsion or other sanction issued by a national securities
2275 exchange or other self-regulatory organization registered under federal
2276 laws administered by the Securities and Exchange Commission or the
2277 Commodity Futures Trading Commission if the effect of the sanction
2278 has not been stayed or overturned by appeal or otherwise, (iv) a United
2279 States Post Office fraud order, (v) a denial, suspension, revocation or
2280 other sanction issued by the commissioner or any other state or federal
2281 financial services regulator based upon nonsecurities violations of any
2282 state or federal law under which a business involving investments,
2283 franchises, business opportunities, insurance, banking or finance is
2284 regulated, or (vi) a cease and desist order entered by the Securities and
2285 Exchange Commission, a self-regulatory organization or the securities
2286 agency or administrator of any other state or Canadian province or
2287 territory; but the commissioner may not (I) institute a revocation or
2288 suspension proceeding under this subparagraph more than five years
2289 from the date of the sanction relied on, and (II) enter an order under this
2290 subparagraph on the basis of an order under any other state act unless
2291 that order was based on facts which would constitute a ground for an

2292 order under this section; (G) may be denied registration under federal
2293 law as a broker-dealer, agent, investment adviser, investment adviser
2294 agent or as a person required to be registered under the Commodity
2295 Exchange Act, 7 USC 1 et seq., as from time to time amended, and the
2296 rules and regulations promulgated thereunder, or the substantial
2297 equivalent of those terms as defined in sections 36b-2 to 36b-34,
2298 inclusive; (H) has engaged in fraudulent, dishonest or unethical
2299 practices in the securities, commodities, investment, franchise, business
2300 opportunity, banking, finance or insurance business, including abusive
2301 sales practices in the business dealings of such applicant, registrant or
2302 person with current or prospective customers or clients; (I) is insolvent,
2303 either in the sense that the liabilities of such applicant, registrant or
2304 person exceed the assets of such applicant, registrant or person, or in the
2305 sense that such applicant, registrant or person cannot meet the
2306 obligations of such applicant, registrant or person as they mature; but
2307 the commissioner may not enter an order against a broker-dealer or
2308 investment adviser under this subparagraph without a finding of
2309 insolvency as to the broker-dealer or investment adviser; (J) is not
2310 qualified on the basis of such factors as training, experience, and
2311 knowledge of the securities business, except as otherwise provided in
2312 subsection (b) of this section; (K) has failed reasonably to supervise: (i)
2313 The agents or investment adviser agents of such applicant or registrant,
2314 if the applicant or registrant is a broker-dealer or investment adviser; or
2315 (ii) the agents of a broker-dealer or investment adviser agents of an
2316 investment adviser, if such applicant, registrant or other person is or
2317 was an agent, investment adviser agent or other person charged with
2318 exercising supervisory authority on behalf of a broker-dealer or
2319 investment adviser; (L) in connection with any investigation conducted
2320 pursuant to section 36b-26 or any examination under subsection (d) of
2321 section 36b-14, has made any material misrepresentation to the
2322 commissioner or upon request made by the commissioner, has withheld
2323 or concealed material information from, or refused to furnish material
2324 information to the commissioner, provided, there shall be a rebuttable
2325 presumption that any records, including, but not limited to, written,
2326 visual, audio, magnetic or electronic records, computer printouts and

2327 software, and any other documents, that are withheld or concealed from
2328 the commissioner in connection with any such investigation or
2329 examination are material, unless such presumption is rebutted by
2330 substantial evidence; (M) has wilfully aided, abetted, counseled,
2331 commanded, induced or procured a violation of any provision of
2332 sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any
2333 regulation or order under such sections or a predecessor statute; (N)
2334 after notice and opportunity for a hearing, has been found within the
2335 previous ten years: (i) By a court of competent jurisdiction, to have
2336 wilfully violated the laws of a foreign jurisdiction under which the
2337 business of securities, commodities, investments, franchises, business
2338 opportunities, insurance, banking or finance is regulated; (ii) to have
2339 been the subject of an order of a securities regulator of a foreign
2340 jurisdiction denying, revoking or suspending the right to engage in the
2341 business of securities as a broker-dealer, agent, investment adviser,
2342 investment adviser agent or similar person; or (iii) to have been
2343 suspended or expelled from membership by or participation in a
2344 securities exchange or securities association operating under the
2345 securities laws of a foreign jurisdiction. As used in this subparagraph,
2346 "foreign" means a jurisdiction outside of the United States; or (O) has
2347 failed to pay the proper filing fee; but the commissioner may enter only
2348 a denial order under this subparagraph, and the commissioner shall
2349 vacate any such order when the deficiency has been corrected. The
2350 commissioner may not institute a suspension or revocation proceeding
2351 on the basis of a fact or transaction known to the commissioner when
2352 the registration became effective unless the proceeding is instituted
2353 within one hundred eighty days of the effective date of such
2354 registration.

2355 Sec. 37. Subsection (d) of section 36b-21 of the general statutes is
2356 repealed and the following is substituted in lieu thereof (*Effective from*
2357 *passage*):

2358 (d) (1) Any person who offers or sells a security that is a covered
2359 security under Section 18(b)(3) of the Securities Act of 1933 shall file a

2360 consent to service of process with the commissioner as required by
 2361 subsection (g) of section 36b-33 prior to the first offer or sale of such
 2362 security in this state.

2363 (2) An issuer proposing to offer and sell in this state securities that
 2364 are covered securities under Section 18(b)(3) of the Securities Act of 1933
 2365 in a Tier 2 offering exempt under Regulation A, 17 CFR 230.251 to 17
 2366 CFR 230.263, inclusive, as amended from time to time, shall, at least
 2367 twenty-one calendar days prior to the initial sale of securities in this
 2368 state, (A) file with the commissioner (i) a completed Regulation A - Tier
 2369 2 notice filing form and, if the commissioner so requests, copies of all
 2370 documents filed with the Securities and Exchange Commission in
 2371 connection with such form, and (ii) a consent to service of process to the
 2372 extent such consent is not included on the notice filing form, and (B) pay
 2373 to the commissioner a filing fee of two hundred fifty dollars. The initial
 2374 notice filing form shall be effective for twelve months from the date such
 2375 form is filed with the commissioner. For each additional twelve-month
 2376 period in which the same offering is continued, an issuer conducting a
 2377 Tier 2 offering under Regulation A, 17 CFR 230.251 to 17 CFR 230.263,
 2378 inclusive, as amended from time to time, may renew its notice filing
 2379 form on or before the expiration date of the notice filing form. An issuer
 2380 renewing its notice filing form shall file with the commissioner a
 2381 renewal Regulation A - Tier 2 notice filing form and pay to the
 2382 commissioner a renewal fee of two hundred fifty dollars."

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2025	36a-492(c)
Sec. 2	October 1, 2025	36a-602(c)
Sec. 3	October 1, 2025	36a-664(b)
Sec. 4	October 1, 2025	36a-671d(c)
Sec. 5	October 1, 2025	36a-802(b)
Sec. 6	October 1, 2025	36a-490(b)(2)
Sec. 7	October 1, 2025	36a-598(d)(2)
Sec. 8	October 1, 2025	36a-658(b)
Sec. 9	October 1, 2025	36a-671(i)

Sec. 10	October 1, 2025	36a-719a(b)
Sec. 11	October 1, 2025	36a-801(i)
Sec. 12	October 1, 2025	36a-535(2)
Sec. 13	October 1, 2025	36a-718
Sec. 14	October 1, 2025	36a-719c
Sec. 15	October 1, 2025	36a-850a
Sec. 16	October 1, 2025	36a-51
Sec. 17	October 1, 2025	36a-556(a)
Sec. 18	October 1, 2025	36a-715
Sec. 19	October 1, 2025	36a-846
Sec. 20	October 1, 2025	36a-487(d)
Sec. 21	from passage	36a-868
Sec. 22	July 1, 2025	36a-870(c)
Sec. 23	July 1, 2025	36a-872
Sec. 24	October 1, 2025	36a-856(b) to (g)
Sec. 25	October 1, 2025	New section
Sec. 26	October 1, 2025	36a-498e(b)(1)
Sec. 27	October 1, 2025	36a-719h(b)
Sec. 28	October 1, 2025	36a-2(72)
Sec. 29	October 1, 2025	36a-719(a)
Sec. 30	July 1, 2025	36a-65(d)(1)(H)
Sec. 31	July 1, 2025	36a-70(h) to (u)
Sec. 32	July 1, 2025	36a-81(b)
Sec. 33	July 1, 2025	36a-82(c)
Sec. 34	July 1, 2025	36a-223(b)
Sec. 35	from passage	36b-6
Sec. 36	from passage	36b-15(a)
Sec. 37	from passage	36b-21(d)