

CHAPTER 672a*

UNIFORM SECURITIES ACT (2015)

*Annotations to former chapter 662:

Cited. 200 C. 172; 219 C. 204; 230 C. 486.

Cited. 10 CA 22; 21 CA 32; 28 CA 653.

Cited. 39 CS 462; 42 CS 439.

Annotations to present chapter:

Cited. 233 C. 304; Id., 352; 235 C. 465; 242 C. 17.

Cited. 44 CS 72; 45 CS 24.

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Sec. 36b-2. (Formerly Sec. 36-470). Short title: Connecticut Uniform Securities Act. Sections 36b-2 to 36b-34, inclusive, may be cited as the “Connecticut Uniform Securities Act”.

(P.A. 77-482, S. 1; P.A. 10-141, S. 2.)

History: Sec. 36-470 transferred to Sec. 36b-2 in 1995; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Annotation to former section 36-470:

Cited. 219 C. 204.

Sec. 36b-3. (Formerly Sec. 36-471). Definitions. As used in sections 36b-2 to 36b-34, inclusive, unless the context otherwise requires:

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

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

(3) “Blank check company” means any company that (A) devotes substantially all of its efforts to establishing a new business in which planned principal operations have not commenced or, that has commenced planned principal operations, but has not derived significant revenue from such operations; and (B) has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person.

(4) “Branch office” means any location other than the main office at which an agent or investment adviser agent regularly conducts business on behalf of a broker-dealer or investment adviser, or any location that is held out as such, excluding: (A) Any

location that is established solely for customer service or back-office-type functions where no sales activities are conducted and that is not held out to the public as a branch office, (B) any location that is the agent's or investment adviser agent's primary residence, provided (i) only agents or investment adviser agents who reside at the location and are members of the same immediate family conduct business at the location, (ii) the location is not held out to the public as an office and the agent or investment adviser agent does not meet with customers at the location, (iii) neither customer funds nor securities are handled at that location, (iv) the agent or investment adviser agent is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such agent or investment adviser agent, (v) the agent's or investment adviser agent's correspondence and communications with the public are subject to the supervision of the broker-dealer or investment adviser with which such agent or investment adviser agent is associated, (vi) electronic communications, including e-mail, are made through the electronic system of the broker-dealer or investment adviser, (vii) all orders for securities are entered through the designated branch office or an electronic system established by a broker-dealer that is reviewable at the branch office, (viii) written supervisory procedures pertaining to supervision of activities conducted at the residence are maintained by the broker-dealer or investment adviser, and (ix) a list of the residence locations is maintained by the broker-dealer or investment adviser, (C) any location, other than a primary residence, that is used for securities or investment advisory business for less than thirty business days in any one calendar year, provided the broker-dealer or investment adviser complies with the provisions of subparagraph (B)(ii), (iii), (iv), (v), (vi), (vii) and (viii) of this subdivision, (D) any office of convenience, where associated persons occasionally and exclusively by appointment meet with customers, which is not held out to the public as an office, (E) any location that is used primarily to engage in nonsecurities activities and from which the agent or investment adviser agent effects no more than twenty-five securities transactions in any one calendar year, provided any advertisement or sales literature identifying such location also sets forth the address and telephone number of the location from which the agent or investment adviser agent conducting business at the nonbranch locations is directly supervised, (F) the floor of a registered national securities exchange where a broker-dealer conducts a direct access business with public customers, (G) a temporary location established in response to the implementation of a business continuity plan, or (H) any other location not within the intent of this subdivision as the commissioner may determine. As used in this subdivision, the term "business day" does not include any partial business day, provided the agent or investment adviser agent spends at least four hours on such day at the designated branch office of such agent or investment adviser agent during the hours that such office is normally open for business.

(5) “Broker-dealer” means any person engaged in the business of effecting transactions in securities for the account of others or for such person’s own account. “Broker-dealer” does not include (A) an agent, (B) an issuer, (C) a bank, as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, when conducting activities that would except it from the definitions of “broker” or “dealer” under Sections 3(a)(4) or 3(a)(5) of the Securities Exchange Act of 1934, (D) a person who has no place of business in this state if such person effects transactions in this state exclusively with or through (i) the issuers of the securities involved in the transactions, (ii) other broker-dealers, or (iii) a bank and trust company, a national banking association, a savings bank, a savings and loan association, a federal savings bank, a federal savings and loan association, a credit union, a federal credit union, a trust company, an insurance company, an investment company as defined in the Investment Company Act of 1940, a pension or profit-sharing trust, or other financial institution or institutional buyer, whether acting for itself or as trustee, or (E) such other persons not within the intent of this subdivision as the commissioner may by regulation or order determine.

(6) “Commissioner” means the Banking Commissioner or any person appointed or designated by the Banking Commissioner to administer sections 36b-2 to 36b-34, inclusive.

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

(8) “Fraud”, “deceit” and “defraud” are not limited to common-law deceit.

(9) “Guaranteed” means guaranteed as to payment of principal, interest or dividends.

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

(11) “Investment adviser” means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. “Investment adviser” does not include (A) an investment adviser agent; (B) a bank, as defined in Section 202(a)(2) of the Investment Advisers Act of 1940, or a bank holding company, as defined in the Bank Holding Company Act of 1956, that is excepted from the definition of “investment adviser” in Section 202(a)(11) of the Investment Advisers Act of 1940;

(C) a lawyer, accountant, engineer, or teacher whose performance of these services is solely incidental to the practice of such person's profession; (D) a broker-dealer whose performance of these services is solely incidental to the conduct of such person's business as a broker-dealer and who receives no special compensation for them; (E) a publisher of any bona fide newspaper, news magazine, or business or financial publication of general, regular, and paid circulation; (F) a person whose advice, analyses or reports relate only to securities exempted by subdivision (1) of subsection (a) of section 36b-21; (G) any insurance company under the supervision of the Insurance Commissioner or any affiliate thereof, as defined in subsection (b) of section 38a-129, when providing services to separate accounts of that insurance company or registered investment companies all of whose shares are owned by such insurance company or its insurance company affiliates or by the separate accounts of that insurance company or its insurance company affiliates; and (H) such other persons not within the intent of this subdivision as the commissioner may by regulation or order designate.

(12) (A) "Investment adviser agent" includes (i) any individual, including an officer, partner or director of an investment adviser, or an individual occupying a similar status or performing similar functions, employed, appointed or authorized by or associated with an investment adviser to solicit business from any person for such investment adviser in this state and who receives compensation or other remuneration, directly or indirectly, for such solicitation; or (ii) any partner, officer, or director of an investment adviser, or an individual occupying a similar status or performing similar functions, or other individual employed, appointed, or authorized by or associated with an investment adviser, who makes any recommendation or otherwise renders advice regarding securities to clients and who receives compensation or other remuneration, directly or indirectly, for such advisory services.

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

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

(13) "Issuer" means any person who issues or proposes to issue any security; except that (A) with respect to a certificate of deposit, a voting-trust certificate, or a

collateral-trust certificate, or with respect to a certificate of interest or a share in an unincorporated investment trust not having a board of directors or persons performing similar functions or of the fixed, restricted management, or unit type, “issuer” means any person performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which the security is issued; (B) with respect to an equipment trust certificate or similar security serving the same purpose, “issuer” means any person who uses or will use the property, any person to whom the property or equipment is or will be leased or conditionally sold or any person who is otherwise contractually responsible for assuring payment of the certificate; and (C) with respect to a fractional undivided interest in oil, gas or other mineral leases or in payments out of production under a lease, right or royalty, “issuer” means any owner of an interest in the lease or in payments out of production under a lease, right or royalty, whether whole or fractional, who creates fractional interests for the purpose of sale.

(14) “Nonissuer” means not directly or indirectly for the benefit of the issuer.

(15) “Person” means an individual, a corporation, a limited liability company, a partnership, a limited partnership, a limited liability partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government or a political subdivision of a government.

(16) (A) “Sale” or “sell” includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value. (B) “Offer” or “offer to sell” includes every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value. (C) Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. (D) Nothing in this subdivision shall limit or diminish the full meaning of the terms “sale”, “sell”, “offer” or “offer to sell” as construed by the courts of this state. (E) A purported gift of assessable stock is considered to involve an offer and sale. (F) Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer, is considered to include an offer of the other security. (G) The terms defined in this subdivision do not include: (i) Any bona fide pledge or loan; (ii) any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the dividend other than the surrender of a right to a cash or property dividend when each stockholder may elect to take the dividend in cash or property or in stock; (iii) any act incident to a class vote by security holders on a merger, exchange of

securities for securities, consolidation, reclassification of securities, or sale of assets in consideration of the issuance of securities or securities and cash of another person other than an individual; or (iv) any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved by any state or federal court.

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

(18) “Securities and Exchange Commission” means the United States Securities and Exchange Commission.

(19) “Security” means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, interests of limited partners in a limited partnership, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, put, call, straddle, option, or privilege on any security or group or index of securities, including any interest in or based on the value of such security, group or index, put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. “Security” includes (A) a certificated and an uncertificated security, and (B) as an “investment contract”, an interest in a limited liability company or limited liability partnership, but does not include any insurance or endowment policy or annuity contract issued by an insurance company that is subject to regulation by the Insurance Commissioner.

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

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

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

(P.A. 77-482, S. 2; 77-614, S. 161, 163, 587, 610; P.A. 78-5, S. 1–3; 78-34, S. 1, 2, 17; 78-303, S. 85, 136; P.A. 79-396, S. 1–4, 11; P.A. 80-88, S. 1–3, 12; 80-482, S. 265, 345, 348; P.A. 81-292, S. 1, 2; P.A. 82-149, S. 1–3, 16; P.A. 83-368, S. 1, 2, 11; P.A. 85-169, S. 1, 2, 11; P.A. 87-9, S. 2, 3; 87-375, S. 1; P.A. 88-208, S. 1; P.A. 89-220, S. 1; P.A. 91-145, S. 1; P.A. 92-12, S. 94; P.A. 93-157, S. 1, 4; P.A. 95-66, S. 1; 95-79, S. 136, 189; P.A. 96-192, S. 1; P.A. 97-220, S. 1, 15; P.A. 98-162, S. 1, 2; 98-177, S. 6; P.A. 99-36, S. 35; 99-38, S. 1; P.A. 01-48, S. 1, 2; P.A. 03-84, S. 26; P.A. 05-177, S. 1; P.A. 06-165, S. 2; P.A. 10-141, S. 3; P.A. 16-65, S. 9.)

History: P.A. 77-614 and P.A. 78-303 replaced bank commissioner with banking commissioner within the department of business regulation, likewise placed insurance commissioner within said department, reflecting incorporation of their respective departments as divisions within said department, effective January 1, 1979; P.A. 78-5 extensively redefined “agent” and “broker-dealer”; P.A. 78-34 extensively redefined “investment advisor” and “sell”; P.A. 79-396 redefined “agent” to specifically exclude “person not within the intent of this subsection” as determined by commissioner, redefined “broker-dealer” to include similar reference in Subdiv. (5), added “in this state” for clarity in Subsec. (f)(7), defining “investment advisor”, and rephrased Subsec. (k)(3)(D); P.A. 80-88 added provisions re investment advisory publications in Subsec. (f), added reference to issuance of “securities and cash” in Subsec. (k) and added Subsec. (o) defining “investment advisory publication”; P.A. 80-482 restored banking and insurance divisions as independent departments and abolished the department of business regulation, allowing changes in commissioners’ names accordingly; P.A. 81-292 amended Subsec. (h) by deleting the provision that with respect to certificates of interest or participation in oil, gas or mining titles or leases, or in payments out of production under such titles or leases, there is not considered to be any “issuer”, and amended Subsec. (k)(3)(C) by replacing “stockholders” with “security holders” and deleting the restriction that the sale be of “corporate” assets and replacing securities and cash of another “corporation” with the securities and cash of another “person”; P.A. 82-149 amended Subsec. (b) by including and excluding additional individuals under the definition of “agent” depending on the transaction involved, added Subsec. (h)(2), and amended Subsec. (k) by deleting the definitions of “sell” and “offer for sale” and defining “sale”, “sell”, “offer” and “offer to sell” and revised the subdivision indicators; P.A. 83-368 made technical changes in Subsec. (b), deleted the provisions of Subsec. (c)(B) whereby a person directing fifteen or less offers to sell or buy into the state for 12 consecutive months was not considered a broker-dealer and made technical changes in Subsec. (g); P.A. 85-169 amended Subsecs. (c) and (f) deleting “mutual” from “mutual savings bank”; (Revisor’s note: Pursuant to P.A. 87-9 “banking commissioner” was changed editorially by the Revisors to “commissioner of banking”); P.A. 87-375 made technical change in Subsec. (b); P.A. 88-208 redefined “investment advisor agent” by substituting the

references to individual for person and adding the provision re receipt of compensation for a solicitation and redefined “security” to include interests of limited partners in a limited partnership; P.A. 89-220 added Subsec. (p) defining “branch office”; P.A. 91-145 removed the exception for certain investment advisory publications from Subsec. (f)(4); P.A. 92-12 redesignated Subsecs., Subdivs. and Subparas., and made a technical change; P.A. 93-157 added Subdivs. (17) and (18) defining “blank check company” and “shell company” or “dormant company”, respectively, effective July 1, 1993; Sec. 36-471 transferred to Sec. 36b-3 in 1995; P.A. 95-66 and 95-79 redefined “person” to include a limited liability company, effective May 31, 1995; P.A. 96-192 amended Subpara. (2)(B), defining “agent”, re transactions exempted by both Sec. 36b-21(b)(13) and the Securities Act of 1933; P.A. 97-220 redefined “agent” and “investment adviser”, added definitions of “associated person”, “covered security” and “Investment Advisers Act of 1940”, deleted definition of “investment advisory publication”, renumbered all definitions and made technical changes, effective July 1, 1997; P.A. 98-162 redefined “investment advisor” to exclude investment adviser agents and to make technical changes and redefined “investment adviser agent”; P.A. 98-177 made technical changes; P.A. 99-36 made a technical change in Subdiv. (1); P.A. 99-38 redefined “investment adviser agent” in Subdiv. (11); P.A. 01-48 redefined “broker-dealer” in Subdiv. (5) and “investment adviser” in Subdiv. (10); P.A. 03-84 changed “Commissioner of Banking” to “Banking Commissioner” in Subdiv. (6), effective June 3, 2003; P.A. 05-177 made technical changes in definitions of “agent” in Subdiv. (1) and “blank check company” in Subdiv. (3), redefined “branch office” in Subdiv. (4), inserted “a federal savings bank” in Subdiv. (5)(D)(iii), defined “international banking institution” in new Subdiv. (10), redesignated existing Subdivs. (10) to (16) as Subdivs. (11) to (17), made a technical change in definition of “investment adviser agent” in Subdiv. (12)(A), redefined “issuer” in Subdiv. (13), added limited partnership and limited liability partnership in definition of “person” in Subdiv. (15), defined “Securities and Exchange Commission” in new Subdiv. (18), redesignated existing Subdiv. (17) as Subdiv. (19) and redefined “security” therein, defined “self-regulatory organization” in new Subdiv. (20), and redesignated existing Subdivs. (18) and (19) as Subdivs. (21) and (22); P.A. 06-165 amended Subdiv. (4)(C) to make a technical change, effective June 6, 2006; P.A. 10-141 replaced references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Annotation to former section 36-471:

Cited. 42 CS 439.

Annotations to present section:

Cited. 242 C. 17.

Cited. 45 CS 24. Note issued by plaintiff for purpose of investment, and not as receipt of a loan, constituted a “security”; “issuer” includes an entity not yet legally formed. 52 CS 550; judgment affirmed, see 141 CA 834.

Sec. 36b-4. (Formerly Sec. 36-472). Prohibited activities re the offer, sale or purchase of any security. Regulations. (a) No person shall, in connection with the offer, sale or purchase of any security, directly or indirectly: (1) Employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

(b) No person shall, in connection with the offer, sale or purchase of any security, directly or indirectly engage in any dishonest or unethical practice.

(c) No person shall, in connection with the offer, sale or purchase of any security, directly or indirectly use a certificate, professional designation or form of advertising expressing or implying that such person has special training, education or experience in advising or serving senior citizens, unless such person has obtained a certificate, title or designation through completion of a course of study (1) resulting in the awarding of an academic degree to such person that is from an accredited institution of higher education and is in a field related to the activity described in this subsection, as determined by the commissioner, provided the certificate, title or designation is not used in an untrue, deceptive, misleading or false manner, or (2) that is in a field related to the activity described in this subsection, as determined by the commissioner, and is provided by an organization accredited by the American National Standards Institute or the National Commission for Certifying Agencies, an organization recognized as an accrediting agency by the United States Department of Education pursuant to the Higher Education Act of 1965, 20 USC 1099b, as amended from time to time, or any other organization approved by the commissioner provided the certificate, title or designation is not used in an untrue, deceptive, misleading or false manner.

(d) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section.

(P.A. 77-482, S. 3; P.A. 96-192, S. 2; P.A. 09-174, S. 1.)

History: Sec. 36-472 transferred to Sec. 36b-4 in 1995; P.A. 96-192 added Subsec. (b) to prohibit dishonest or unethical practices; P.A. 09-174 made a technical change in Subsec. (a), added Subsec. (c) re use of certificate, designation or advertising

expressing or implying special training, education or experience in advising senior citizens and added Subsec. (d) re adoption of regulations, effective July 1, 2009.

A person who aids and abets another's fraudulent conduct in connection with a securities transaction is not in violation of section. 233 C. 304. Cited. Id., 352; 235 C. 465; 242 C. 17.

Section corresponds to Sec. 101 of Uniform Securities Act of 1956, and court may look to interpretations of that act, and interpretations of rule 10b-5 of the Securities and Exchange Commission at the time act was adopted, in interpreting analogous language in statutes; solicitation to buy a security qualified as an "offer" under Sec. 36b-3(16)(B). 137 CA 800.

Cited. 44 CS 72.

Subsec. (a):

Neither the federal Securities Act, 15 USC 77a et seq., nor the Securities and Exchange Commission's regulation D, 17 CFR 230.501 et seq., preempts or precludes Banking Commissioner from enforcing state fraud statutes. 113 CA 198.

Sec. 36b-5. (Formerly Sec. 36-473). Prohibited activities of investment advisers and persons who solicit advisory business on behalf of investment advisers. (a) No person who directly or indirectly receives compensation or other remuneration for advising another person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, shall: (1) Employ any device, scheme or artifice to defraud the other person; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon such other person.

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

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

(c) It is unlawful for any investment adviser that is registered or required to be registered under sections 36b-2 to 36b-34, inclusive, to take or have custody of any securities or funds of any client if: (1) The commissioner by regulation prohibits custody; or (2) in the absence of a regulation, the investment adviser fails to notify the commissioner that he has or may have custody.

(d) Subparagraph (A) of subdivision (1) of subsection (b) of this section shall not be construed to prohibit performance fees permitted and determined in accordance with Section 205 of the Investment Advisers Act of 1940, and any rules or regulations adopted in accordance with said act.

(e) No person who directly or indirectly receives compensation or other remuneration for soliciting advisory business on behalf of a person subject to the prohibition contained in subsection (a) of this section shall, in connection with such solicitation: (1) Employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit.

(f) No person who directly or indirectly receives compensation or other remuneration for: (1) Advising another person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise; or (2) soliciting advisory business on behalf of a person subject to the prohibition contained in subsection (a) of this section shall engage in any dishonest or unethical practice in connection with the rendering of such advice or in connection with such solicitation.

(P.A. 77-482, S. 4; P.A. 78-34, S. 3, 17; P.A. 79-396, S. 5, 11; P.A. 80-88, S. 4, 12; P.A. 82-149, S. 4, 16; P.A. 91-145, S. 2; P.A. 92-12, S. 95; P.A. 96-192, S. 3; P.A. 97-220, S. 2, 15; P.A. 10-141, S. 4.)

History: P.A. 78-34 designated previous provisions as Subsec. (a) and added Subsecs. (b) to (d); P.A. 79-396 added Subsec. (e); P.A. 80-88 required in Subsec. (b)(1) that contract be signed by client or clients, added word “have” and specified applicability to all contracts “whether in writing or oral”; P.A. 82-149 amended Subsec. (b)(1) by adding Subparas. (iv) and (v) requiring the investment advisory contract to disclose the fee arrangement and the services which the investment advisor will render, effective October 1, 1983; P.A. 91-145 amended Subsec. (a) by making prohibitions applicable to persons who directly or indirectly receive compensation or other remuneration for advising another and adding prohibition on making any untrue statement of a material fact or omitting a necessary material fact, and added Subsec. (f) re prohibited activities of persons who solicit advisory business on behalf of investment advisors; P.A. 92-12 redesignated Subparas. in Subsec. (b) and made technical changes; Sec. 36-473 transferred to Sec. 36b-5 in 1995; P.A. 96-192 added Subsec. (g) to prohibit dishonest or unethical practices re compensated advice or solicitation; P.A. 97-220 made Subsecs. (b) and (c) applicable to investment advisers registered or required to be registered under Secs. 36b-2 to 36b-33, inclusive, deleted provision in Subsec. (b) re investment advisory contracts in effect on October 1, 1982, deleted former Subsec. (d) and redesignated former Subsecs. (e), (f) and (g) as Subsecs. (d), (e) and (f), effective July 1, 1997; P.A. 10-141 amended Subsecs. (b) and (c) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Cited. 233 C. 352; 242 C. 17.

Subsec. (a):

Liability does not require intent to defraud. 77 CA 621.

Sec. 36b-6. (Formerly Sec. 36-474). Broker-dealer, agent or investment adviser required to register. Exemptions. Branch offices. Notice re termination of business. (a) No person shall transact business in this state as a broker-dealer unless such person is registered under sections 36b-2 to 36b-34, inclusive. No person shall transact business in this state as a broker-dealer in contravention of a sanction that is currently effective imposed by the Securities and Exchange Commission or by a self-regulatory organization of which such person is a member if the sanction would prohibit such person from effecting transactions in securities in this state. No individual shall transact business as an agent in this state unless such individual is (1) registered as an agent of the broker-dealer or issuer whom such individual represents

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

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

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

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

of an investment adviser if the registration of such individual as an investment adviser agent is suspended or revoked or the individual is barred from employment or association with an investment adviser by an order of the commissioner, the Securities and Exchange Commission or a self-regulatory organization.

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

(d) No broker-dealer or investment adviser shall transact business from any place of business located within this state unless that place of business is registered as a branch office with the commissioner pursuant to this subsection. An application for branch office registration shall be made on forms prescribed by the commissioner and shall be filed with the commissioner, together with a nonrefundable application fee of one hundred dollars per branch office. A broker-dealer or investment adviser shall promptly notify the commissioner in writing if such broker-dealer or investment adviser (1) engages a new manager at a branch office in this state, (2) acquires a branch office of another broker-dealer or investment adviser in this state, or (3) relocates a branch office in this state. In the case of a branch office acquisition or relocation, such broker-dealer or investment adviser shall pay to the commissioner a nonrefundable fee of one hundred dollars. Each registrant or applicant for branch office registration shall pay the actual cost, as determined by the commissioner, of any reasonable investigation or examination made of such registrant or applicant by or on behalf of the commissioner.

(e) The following investment advisers are exempted from the registration requirements under subsection (c) of this section: Any investment adviser that (1) is registered or required to be registered under Section 203 of the Investment Advisers Act of 1940; (2) is excepted from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940; or (3) has no place of business in this state and, during the preceding twelve months, has had no more than five clients who are residents of this state. Any investment adviser claiming an exemption pursuant to subdivision (1) of this subsection that is not otherwise excluded under subsection (11) of section 36b-3, shall first file with the commissioner a notice of exemption together with a consent to service of process as required by subsection (g) of section 36b-33 and shall pay to the commissioner or to any person designated by

the commissioner in writing to collect such fee on behalf of the commissioner a nonrefundable fee of two hundred fifty dollars. The notice of exemption shall contain such information as the commissioner may require. Such notice of exemption shall be valid until December thirty-first of the calendar year in which it was first filed and may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee of one hundred fifty dollars. If any investment adviser that is exempted from registration pursuant to subdivision (1) of this subsection fails or refuses to pay any fee required by this subsection, the commissioner may require such investment adviser to register pursuant to subsection (c) of this section. For purposes of this subsection, a delay in the payment of a fee or an underpayment of a fee which is promptly remedied shall not constitute a failure or refusal to pay such fee.

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

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

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

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

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

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

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

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

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

(k) For purposes of subsections (d), (f), (g) and (h) of this section, “investment adviser” means an investment adviser registered or required to be registered with the commissioner.

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

(P.A. 77-482, S. 5; P.A. 81-292, S. 3; P.A. 83-368, S. 3, 11; P.A. 85-169, S. 3, 11; P.A. 87-375, S. 2; P.A. 89-220, S. 2; P.A. 97-220, S. 3, 15; P.A. 98-162, S. 3; P.A. 04-45, S. 1; P.A. 05-177, S. 2; P.A. 10-141, S. 5, 6; P.A. 11-110, S. 11; 11-216, S. 49; P.A. 16-65, S. 10.)

History: P.A. 81-292 inserted a new Subsec. (c) providing that offers or sales of securities relating to oil, gas or other mining commodities must be made through a registered broker-dealer, and relettered the former Subsec. (c) accordingly; P.A. 83-368 deleted the provisions of former Subsec. (c) re offers or sales with respect to oil, gas or mining limited partnerships, relettering former Subsec. (d) accordingly; P.A. 85-169 added Subsecs. (d), (e) and (f) re notice of termination of business; P.A. 87-375 amended Subsec. (c) to add provisions re connections between investment advisors and agents and to require that agents be registered; P.A. 89-220 amended Subsec. (a) by requiring an agent to register as an agent of a particular broker-dealer or issuer, amended Subsec. (c) by requiring an investment advisor agent to register as an investment advisor agent of a particular investment advisor, added a new Subsec. (d) re registration of branch offices and relettered the remaining Subsecs. accordingly, amending Subsecs. (e), (f) and (g) by extending the requirements of the subsections to investment advisors; Sec. 36-474 transferred to Sec. 36b-6 in 1995; P.A. 97-220 amended Subsecs. (a) and (b) by adding exception for associated persons representing broker-dealers in effecting specified transactions, amended Subsec. (c) by adding reference to Subsec. (e) and making a technical change, added new Subsec. (e) re exemptions from investment adviser registration requirements, redesignated former Subsecs. (e), (f) and (g) as Subsecs. (f), (g) and (h), and made Subsecs. (f), (g) and (h) applicable to any broker-dealer or investment adviser ceasing to transact business at

any office in this state, effective July 1, 1997; P.A. 98-162 amended Subsec. (d) to establish branch office requirements for investment advisers registered with the Securities and Exchange Commission and to make technical changes; P.A. 04-45 amended Subsec. (a) to prohibit transaction of business in this state as a broker-dealer or agent in contravention of a sanction currently effective imposed by SEC or a self-regulatory organization and to make technical changes, amended Subsecs. (b) and (c) to make technical changes, amended Subsec. (d) to eliminate provisions re investment advisers registered with SEC, amended Subsec. (f) to make technical changes, and added Subsec. (i) defining “investment adviser” for purposes of Subsecs. (d), (f), (g) and (h); P.A. 05-177 amended Subsec. (a) to delete provisions re self-regulatory organization registered under federal laws administered by Securities and Exchange Commission, amended Subsec. (c) to insert Subdiv. designators (1) to (3), make technical changes, prohibit persons from transacting business in this state as an investment adviser if the registration of such investment adviser is suspended or revoked or, in the case of an investment adviser who is an individual, the investment adviser is barred from employment or association with an investment advisor or broker-dealer by order of commissioner, the Securities and Exchange Commission or a self-regulatory organization in Subdiv. (1), provide that a registered investment adviser agent who refers advisory clients to another registered investment adviser does not have to register as an investment adviser agent of such investment adviser if the only compensation paid for such referral services is to the investment adviser with whom the individual is employed or associated and prohibit individuals from transacting business in this state as an investment adviser agent on behalf of an investment adviser if the registration of such individual as an investment adviser agent is suspended or revoked or the individual is barred from employment or association with an investment adviser by order of commissioner, the Securities and Exchange Commission or a self-regulatory organization in Subdiv. (2), amended Subsec. (e) to make technical changes and to provide that nonrefundable fee of \$250 be paid to commissioner or to any person designated by commissioner in writing to collect such fee on behalf of commissioner, amended Subsecs. (f) to (h) to substitute “any branch office or main office in this state” for “any office in this state”, inserted new Subsec. (i) re procedure for broker-dealers or investment advisers to succeed to the current registration of another broker-dealer or investment adviser or to a notice filing of a registered investment adviser, procedures for broker-dealers or investment advisers to file an amendment to their registrations if they change their form of organization, state of incorporation, organization or name, and authority of commissioner to prescribe the means by which change of control of a broker-dealer or investment adviser may be made, added new Subsec. (j) authorizing commissioner to require an agent or investment adviser agent to participate in continuing education, and redesignated existing Subsec. (i) as Subsec. (k); P.A. 10-141 amended Subsecs. (a) to (c) and (i) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7,

2010; P.A. 11-110 added Subsec. (1) re criteria for conditional or unconditional exemption from requirements of section, effective July 21, 2011; P.A. 11-216 amended Subsec. (e) to delete references to exemption pursuant to Subdiv. (2), effective July 13, 2011.

Annotation to former section 36-474:

Cited. 39 CS 462.

Annotations to present section:

Cited. 233 C. 352.

Plaintiff was unregistered agent of issuer in violation of Subsecs. (a) and (b) where he contracted with a third party on behalf of issuer not yet legally formed. 52 CS 550; judgment affirmed, see 141 CA 834.

Sec. 36b-7. (Formerly Sec. 36-475). Application for initial or renewal registration. Registration conditions. Waiver of specific registration requirements. (a) A broker-dealer, agent, investment adviser or investment adviser agent may obtain an initial or renewal registration by filing with the commissioner or other depository as the commissioner may by regulation or order designate an application together with a consent to service of process pursuant to subsection (g) of section 36b-33. The application shall contain such information as the commissioner may require.

(b) The commissioner may, by regulation adopted, in accordance with chapter 54, or order, impose such registration conditions as are not inconsistent with the National Securities Markets Improvement Act of 1996. The commissioner may, by regulation or order, waive, in whole or in part, specific requirements in connection with registration as are in the public interest and for the protection of investors.

(P.A. 77-482, S. 6; P.A. 78-34, S. 11, 17; P.A. 81-292, S. 4; P.A. 97-220, S. 4, 15; P.A. 05-177, S. 3.)

History: P.A. 78-34 referred to Sec. 36-502 rather than to Sec. 36-501; P.A. 81-292 provided that an application may be filed with a depository as the commissioner may by regulation or order designate; Sec. 36-475 transferred to Sec. 36b-7 in 1995; P.A. 97-220 made a technical change, effective July 1, 1997; P.A. 05-177 designated existing provisions as Subsec. (a) and added Subsec. (b) allowing commissioner to impose registration conditions not inconsistent with the National Securities Markets Improvement Act of 1996 and to waive specific registration requirements.

Sec. 36b-8. (Formerly Sec. 36-476). Investigation of applicant for registration. Register. On receipt of the application for registration as a branch office, broker-dealer, agent, investment adviser or investment adviser agent, the commissioner may make such investigation of the applicant and the applicant's affairs as the commissioner deems necessary or advisable. Upon completion of such investigation, the commissioner shall, subject to the authority of the commissioner to deny, revoke or suspend such registration, enter the name of such person on a register of branch offices, broker-dealers, agents, investment advisers or investment adviser agents, as the case may be, to be kept in the office of the commissioner, properly indexed and open to the public. The information to be entered on the register shall be the name, address and date of registration or renewal and, in the case of broker-dealers or investment advisers, whether such registrant is an individual, partnership, corporation or other form of association. When the registration of any such person is suspended or revoked, the commissioner shall so note on the appropriate register.

(P.A. 77-482, S. 7; P.A. 82-149, S. 5, 16; P.A. 91-145, S. 3; P.A. 04-45, S. 2.)

History: P.A. 82-149 deleted the prohibition against commissioner's issuing certificates or written evidence to persons registered under the chapter; P.A. 91-145 added provisions re registration as a branch office and suspension of registration; Sec. 36-476 transferred to Sec. 36b-8 in 1995; P.A. 04-45 made technical changes.

Sec. 36b-9. (Formerly Sec. 36-477). Statement of financial condition. The commissioner may require that each application for registration of a broker-dealer or investment adviser be accompanied by a true and correct statement of financial condition, in such form and containing such data as the commissioner may require. Such statement of financial condition shall be sworn to, before a person qualified to administer oaths, by the applicant, and shall state that the alleged facts therein contained are true to his own knowledge. If such applicant is a partnership, such oath shall be made by a general partner thereof, and, if such applicant is a corporation or other form of association, such oath shall be made by an executive officer thereof. Such statement of financial condition shall be kept in a confidential file and shall not be open to the public.

(P.A. 77-482, S. 8; P.A. 97-220, S. 5, 15.)

History: Sec. 36-477 transferred to Sec. 36b-9 in 1995; P.A. 97-220 amended section to provide that the commissioner may require applications for registration to be accompanied by statements of financial condition, effective July 1, 1997.

Sec. 36b-10. (Formerly Sec. 36-478). Application for registration to be under oath. Each application for registration under sections 36b-2 to 36b-34, inclusive, shall be sworn to, before a person qualified to administer oaths, by the person making the

same and shall state that the alleged facts therein contained are true to his own knowledge. If such person is a partnership, such oath shall be made by a general partner thereof, and, if such person is a corporation or other form of association, such oath shall be made by an executive officer thereof.

(P.A. 77-482, S. 9; P.A. 10-141, S. 7.)

History: Sec. 36-478 transferred to Sec. 36b-10 in 1995; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-11. (Formerly Sec. 36-479). Photograph to accompany each application for registration. Each application for registration under sections 36b-2 to 36b-34, inclusive, shall be accompanied by a photograph as defined by the commissioner, unless the commissioner waives the requirement of such photograph. If the applicant for registration as a broker-dealer or investment adviser is a sole proprietorship, the photograph shall be of the sole proprietor; if the application is for a partnership, it shall be accompanied by a photograph of each general partner; if the application is for a corporation, it shall be accompanied by a photograph of each principal officer or director as determined by the commissioner.

(P.A. 77-482, S. 10; P.A. 87-375, S. 3; P.A. 10-141, S. 8.)

History: P.A. 87-375 amended the section to authorize the commissioner to waive the requirement of a photograph; Sec. 36-479 transferred to Sec. 36b-11 in 1995; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-12. (Formerly Sec. 36-480). Application and registration fees. (a) Each person applying for registration as a broker-dealer or investment adviser shall pay to the commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner, a nonrefundable fee of three hundred fifteen dollars.

(b) Each person applying for registration as an agent or investment adviser agent shall pay to the commissioner or to any person designated by the commissioner to collect such fee on behalf of the commissioner, a nonrefundable fee of one hundred dollars.

(c) Each registration issued pursuant to this section shall expire at the close of business on December thirty-first of the calendar year in which the registration became effective.

(d) (1) Except as provided in subdivision (2) of this subsection, each person registered as an agent or investment adviser agent, requesting transfer of the registration of such agent or investment adviser agent to another registered broker-dealer or investment adviser, shall pay to the commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner, a nonrefundable fee of one hundred dollars for each transfer requested.

(2) Each broker-dealer or investment adviser receiving a mass transfer shall pay to the commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner, a nonrefundable fee of fifty dollars for each agent or investment adviser agent whose registration is transferred. For purposes of this subsection, “mass transfer” means a transfer of multiple agents of a broker-dealer or investment adviser agents of an investment adviser from a transferring broker-dealer or investment adviser to a receiving broker-dealer or investment adviser due to a cessation of business activity, succession, acquisition, merger, consolidation or other reorganization affecting the transferring broker-dealer or investment adviser.

(e) Each person applying for registration under subsection (a) or (b) of this section and any registrant applying for renewal of such registration under section 36b-13 shall pay the actual cost, as determined by the commissioner, of any reasonable investigation or examination made of such applicant or registrant by or on behalf of the commissioner.

(P.A. 77-482, S. 11; P.A. 78-34, S. 4, 17; P.A. 83-368, S. 4, 11; P.A. 04-45, S. 3; June Sp. Sess. P.A. 09-3, S. 382.)

History: P.A. 78-34 reduced fee in Subsec. (c) from \$20 to \$15; P.A. 83-368 made each registration expire on December thirty-first of each calendar year unless renewed, increased the registration fee for broker-dealers or investment advisors to \$250 and for agents or investment advisor agents to \$50 and made technical changes; Sec. 36-480 transferred to Sec. 36b-12 in 1995; P.A. 04-45 amended Subsecs. (a) and (b) to make technical changes, amended Subsec. (c) to change expiration of each registration issued under section from December thirty-first of each calendar year unless renewed to at the close of business on December thirty-first of the calendar year in which the registration became effective, amended Subsec. (d) to designate existing provisions as Subdiv. (1) and amend same by making technical changes and providing that \$50 fee be nonrefundable and to add Subdiv. (2) requiring each broker-dealer or investment adviser receiving a mass transfer to pay nonrefundable \$50 fee for each agent or investment adviser agent whose registration is transferred and defining “mass transfer”, and amended Subsec. (e) to make technical changes; June Sp. Sess. P.A. 09-3 amended Subsecs. (a), (b) and (d)(1) to increase fees.

Sec. 36b-13. (Formerly Sec. 36-481). Registration renewal. Requirements. (a) Each person registered as a broker-dealer or investment adviser may renew such registration for a one-year period not later than December thirty-first of each calendar year by making application in such manner as prescribed by the commissioner. The fee for renewal of registration for each registered broker-dealer or investment adviser shall be one hundred ninety dollars per renewal application, nonrefundable, payable at the time of renewal, and shall be submitted, together with the renewal application, to the commissioner or any person designated in writing by the commissioner to collect such fee on his behalf.

(b) Each person registered as an agent or investment adviser agent may renew such registration for a one-year period by December thirty-first of each calendar year by making application in such manner as prescribed by the commissioner. The fee for renewal of registration for each person registered as an agent or investment adviser agent shall be one hundred dollars, nonrefundable, payable at the time of renewal, and shall be submitted, together with the renewal application, to the commissioner or any person designated in writing by the commissioner to collect such fee on his behalf.

(c) Each registrant or person requesting renewal of a registration shall pay the actual cost, as determined by the commissioner, of any reasonable investigation or examination made of such person by or on behalf of the commissioner.

(P.A. 77-482, S. 12; P.A. 78-34, S. 5, 17; P.A. 83-368, S. 5, 11; P.A. 85-169, S. 4, 5, 11; P.A. 92-89, S. 9, 20; P.A. 97-220, S. 6, 15; June Sp. Sess. P.A. 09-3, S. 383.)

History: P.A. 78-34 reduced renewal fee in Subsec. (a) from \$70 to \$30; P.A. 83-368 required annual renewals for broker-dealers or investment advisors and for agents or investment advisor agents and imposed new renewal fees, deleting provisions re biennial renewal and fees therefor; P.A. 85-169 amended Subsecs. (a) and (b) to clarify that the renewal fee is nonrefundable; P.A. 92-89 increased the renewal fee in Subsec. (b) from \$30 to \$40; Sec. 36-481 transferred to Sec. 36b-13 in 1995; P.A. 97-220 amended Subsecs. (a) and (b) to delete provisions re application form and renewal fees for registrations that expire on June 30, 1983, and increased the renewal fee in Subsec. (b) from \$40 to \$50, effective July 1, 1997; June Sp. Sess. P.A. 09-3 amended Subsec. (a) to increase fee from \$150 to \$190 and amended Subsec. (b) to increase fee from \$50 to \$100.

Sec. 36b-14. (Formerly Sec. 36-482). Records and financial reports required. (a)(1) Every registered investment adviser shall make, keep and preserve such accounts, correspondence, memoranda, papers, books and other records as the commissioner by regulation adopted, in accordance with chapter 54, or order

prescribes. All such records shall be preserved for such period as the commissioner by regulation or order prescribes.

(2) Every investment adviser that is registered with the Securities and Exchange Commission or excepted from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940, and every registered broker-dealer, shall make, keep and preserve such accounts, correspondence, memoranda, papers, books and other records as the Securities and Exchange Commission requires. All such records shall be preserved for such period as the Securities and Exchange Commission requires.

(3) Broker-dealer records required to be maintained under subdivision (2) of this subsection may be maintained in any form of data storage acceptable under Section 17(a) of the Securities Exchange Act of 1934 if they are readily accessible to the commissioner. Investment adviser records required to be maintained under this section may be stored on microfilm, microfiche or on an electronic data processing system or similar system utilizing an internal memory device provided that a printed copy of any such record is immediately accessible.

(b) (1) Every registered investment adviser shall file such financial reports as the commissioner by regulation prescribes.

(2) Every investment adviser that is registered with the Securities and Exchange Commission or excepted from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940, and, subject to Section 15(i) of the Securities Exchange Act of 1934, every registered broker-dealer shall file such financial reports as the commissioner by regulation prescribes, except that the commissioner shall not require the filing of financial reports that are not required to be filed with the Securities and Exchange Commission.

(c) If the information contained in any document filed with the commissioner under this section is or becomes inaccurate or incomplete in any material respect, the person making the filing shall promptly file a correcting amendment unless notification of the correction has been given under sections 36b-2 to 36b-34, inclusive.

(d) All the records of a registered investment adviser and a registered broker-dealer referred to in subsection (a) of this section are subject at any time or from time to time to such reasonable periodic, special or other examinations by the commissioner, within or without this state, as the commissioner deems necessary or appropriate in the public interest or for the protection of investors. Every registered investment adviser and every registered broker-dealer shall keep such records open to examination by the commissioner and, upon the commissioner's request, shall provide copies of any such records to the commissioner. For the purpose of avoiding

unnecessary duplication of examinations, the commissioner, insofar as the commissioner deems it practicable in administering this subsection, may cooperate with the securities administrators of other states, the Securities and Exchange Commission, and any self-regulatory organization.

(e) Subject to Section 15(i) of the Securities Exchange Act of 1934 or Section 222 of the Investment Advisers Act of 1940, an agent may not have custody of funds or securities of a customer except under the supervision of a broker-dealer and an investment adviser agent may not have custody of funds or securities of a client except under the supervision of an investment adviser. Subject to Section 15(i) of the Securities Exchange Act of 1934 or Section 222 of the Investment Advisers Act of 1940, the commissioner may, by regulation adopted, in accordance with chapter 54, or order, prohibit, limit or impose conditions on a broker-dealer regarding custody of funds or securities of a customer and on an investment adviser regarding custody of funds or securities of a client.

(P.A. 77-482, S. 13; P.A. 85-169, S. 6, 11; P.A. 97-220, S. 7, 15; P.A. 98-162, S. 4; P.A. 05-177, S. 4; P.A. 07-72, S. 9; P.A. 10-141, S. 9; P.A. 16-65, S. 11.)

History: P.A. 85-169 amended Subsec. (a) to permit records to be stored on microfilm, microfiche or other electronic data processing system; Sec. 36-482 transferred to Sec. 36b-14 in 1995; P.A. 97-220 amended Subsec. (a) to delete three-year record retention period and require retention of records for period prescribed by regulation, effective July 1, 1997; P.A. 98-162 amended Subsec. (a) by designating existing provisions as Subdivs. (1) and (3), by adding new Subdiv. (2) re record requirements for registered broker-dealers and investment advisers registered with the Securities and Exchange Commission or excepted from the federal definition of investment adviser, and by making technical changes, amended Subsec. (b) by designating existing provisions as Subdiv. (1) and adding new Subdiv. (2) re financial reports of registered broker-dealers and investment advisers registered with the Securities and Exchange Commission or excepted from the federal definition of investment adviser, made technical changes in Subsec. (c), and amended Subsec. (d) by adding provisions re examination and copying of records of registered broker-dealers and investment advisers and making technical changes; P.A. 05-177 amended Subsec. (a)(1) to require that the regulations be adopted in accordance with chapter 54 and to authorize commissioner to prescribe requirements by order, amended Subsec. (a)(3) to allow broker-dealer records required under Subdiv. (2) to be maintained in any form of data storage acceptable under Sec. 17(a) of the Securities and Exchange Act of 1934 if readily accessible to commissioner and to allow required investment adviser records to be stored under Subdiv., amended Subsec. (b)(2) to insert “subject to Section 15(h) of the Securities Exchange Act of 1934,” and to make a technical change, amended Subsec. (d) to substitute “self-regulatory organization” for “national

securities exchange or national securities association registered under the Securities Exchange Act of 1934”, and added Subsec. (e) re custody of funds or securities of a customer or client; P.A. 07-72 made a technical change in Subsec. (a)(3); P.A. 10-141 amended Subsec. (c) by replacing reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-15. (Formerly Sec. 36-484). Denial, suspension or revocation of registration by commissioner. Withdrawal from registration or of application. (a)

The commissioner may, by order, deny, suspend or revoke any registration or, by order, restrict or impose conditions on the securities or investment advisory activities that an applicant or registrant may perform in this state if the commissioner finds that (1) the order is in the public interest, and (2) the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser: (A) Has filed an application for registration which as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact; (B) has wilfully violated or wilfully failed to comply with any provision of sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any regulation or order under said sections or a predecessor statute; (C) has been convicted, within the past ten years, of any misdemeanor involving a security, any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance, or any felony, provided any denial, suspension or revocation of such registration shall be in accordance with the provisions of section 46a-80; (D) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance; (E) is the subject of a cease and desist order of the commissioner or an order of the commissioner denying, suspending, or revoking registration as a broker-dealer, agent, investment adviser or investment adviser agent; (F) is the subject of any of the following sanctions that are currently effective or were imposed within the past ten years: (i) An order issued by the securities administrator of any other state or by the Securities and Exchange Commission or the Commodity Futures Trading Commission denying, suspending or revoking registration as a broker-dealer, agent, investment adviser, investment adviser agent or a person required to be registered under the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, and the rules and regulations thereunder, or the substantial equivalent of those terms, as defined in sections 36b-2 to 36b-34, inclusive, (ii) an order of the Securities and Exchange Commission or Commodity

Futures Trading Commission suspending or expelling such applicant, registrant or person from a national securities or commodities exchange or national securities or commodities association registered under the Securities Exchange Act of 1934 or the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, or, in the case of an individual, an order of the Securities and Exchange Commission or an equivalent order of the Commodity Futures Trading Commission barring such individual from association with a broker-dealer or an investment adviser, (iii) a suspension, expulsion or other sanction issued by a national securities exchange or other self-regulatory organization registered under federal laws administered by the Securities and Exchange Commission or the Commodity Futures Trading Commission if the effect of the sanction has not been stayed or overturned by appeal or otherwise, (iv) a United States Post Office fraud order, (v) a denial, suspension, revocation or other sanction issued by the commissioner or any other state or federal financial services regulator based upon nonsecurities violations of any state or federal law under which a business involving investments, franchises, business opportunities, insurance, banking or finance is regulated, or (vi) a cease and desist order entered by the Securities and Exchange Commission, a self-regulatory organization or the securities agency or administrator of any other state or Canadian province or territory; but the commissioner may not (I) institute a revocation or suspension proceeding under this subparagraph more than five years from the date of the sanction relied on, and (II) enter an order under this subparagraph on the basis of an order under any other state act unless that order was based on facts which would constitute a ground for an order under this section; (G) may be denied registration under federal law as a broker-dealer, agent, investment adviser, investment adviser agent or as a person required to be registered under the Commodity Exchange Act, 7 USC 1 et seq., as from time to time amended, and the rules and regulations promulgated thereunder, or the substantial equivalent of those terms as defined in sections 36b-2 to 36b-34, inclusive; (H) has engaged in fraudulent, dishonest or unethical practices in the securities, commodities, investment, franchise, business opportunity, banking, finance or insurance business, including abusive sales practices in the business dealings of such applicant, registrant or person with current or prospective customers or clients; (I) is insolvent, either in the sense that the liabilities of such applicant, registrant or person exceed the assets of such applicant, registrant or person, or in the sense that such applicant, registrant or person cannot meet the obligations of such applicant, registrant or person as they mature; but the commissioner may not enter an order against a broker-dealer or investment adviser under this subparagraph without a finding of insolvency as to the broker-dealer or investment adviser; (J) is not qualified on the basis of such factors as training, experience, and knowledge of the securities business, except as otherwise provided in subsection (b) of this section; (K) has failed reasonably to supervise: (i) The agents or investment adviser agents of such applicant or registrant, if the applicant or registrant is a broker-dealer or investment adviser; or

(ii) the agents of a broker-dealer or investment adviser agents of an investment adviser, if such applicant, registrant or other person is or was an agent, investment adviser agent or other person charged with exercising supervisory authority on behalf of a broker-dealer or investment adviser; (L) in connection with any investigation conducted pursuant to section 36b-26 or any examination under subsection (d) of section 36b-14, has made any material misrepresentation to the commissioner or upon request made by the commissioner, has withheld or concealed material information from, or refused to furnish material information to the commissioner, provided, there shall be a rebuttable presumption that any records, including, but not limited to, written, visual, audio, magnetic or electronic records, computer printouts and software, and any other documents, that are withheld or concealed from the commissioner in connection with any such investigation or examination are material, unless such presumption is rebutted by substantial evidence; (M) has wilfully aided, abetted, counseled, commanded, induced or procured a violation of any provision of sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any regulation or order under such sections or a predecessor statute; (N) after notice and opportunity for a hearing, has been found within the previous ten years: (i) By a court of competent jurisdiction, to have wilfully violated the laws of a foreign jurisdiction under which the business of securities, commodities, investments, franchises, business opportunities, insurance, banking or finance is regulated; (ii) to have been the subject of an order of a securities regulator of a foreign jurisdiction denying, revoking or suspending the right to engage in the business of securities as a broker-dealer, agent, investment adviser, investment adviser agent or similar person; or (iii) to have been suspended or expelled from membership by or participation in a securities exchange or securities association operating under the securities laws of a foreign jurisdiction. As used in this subparagraph, "foreign" means a jurisdiction outside of the United States; or (O) has failed to pay the proper filing fee; but the commissioner may enter only a denial order under this subparagraph, and the commissioner shall vacate any such order when the deficiency has been corrected. The commissioner may not institute a suspension or revocation proceeding on the basis of a fact or transaction known to the commissioner when the registration became effective unless the proceeding is instituted within one hundred eighty days of the effective date of such registration.

(b) The following provisions govern the application of subparagraph (J) of subdivision (2) of subsection (a) of this section: (1) The commissioner may not enter an order against a broker-dealer on the basis of the lack of qualification of any person other than (A) the broker-dealer if the broker-dealer is an individual, or (B) an agent of the broker-dealer; (2) the commissioner may not enter an order against an investment adviser on the basis of the lack of qualification of any person other than (A) the investment adviser if the investment adviser is an individual, or (B) any other

person who represents the investment adviser in doing any of the acts which make the investment adviser an investment adviser; (3) the commissioner may not enter an order solely on the basis of lack of experience if the applicant or registrant is qualified by training or knowledge or both; (4) the commissioner shall consider that an agent who will work under the supervision of a registered broker-dealer need not have the same qualifications as a broker-dealer; (5) the commissioner shall consider that an investment adviser is not necessarily qualified solely on the basis of experience as a broker-dealer or agent. When the commissioner finds that an applicant for initial or renewal registration as a broker-dealer is not qualified as an investment adviser, the commissioner may by order condition the applicant's registration as a broker-dealer upon the applicant's not transacting business in this state as an investment adviser; (6) the commissioner may by regulation provide for an examination, which may be written or oral or both, to be taken by any class of or all applicants, as well as persons who represent or will represent an investment adviser in doing any of the acts which make the investment adviser an investment adviser.

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

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

(e) (1) Withdrawal from registration as a broker-dealer, agent, investment adviser or investment adviser agent, or withdrawal of an application for registration as a broker-dealer, agent, investment adviser or investment adviser agent, becomes effective ninety days after receipt of an application to withdraw such registration or a notice of intent to withdraw such application for registration or within such shorter period of time as the commissioner may determine, unless a denial, revocation or suspension

proceeding is pending when the application or notice is filed or a proceeding to deny, revoke, suspend or impose conditions upon the withdrawal is instituted within ninety days after the application or notice is filed. If a proceeding is pending or instituted, withdrawal becomes effective at such time and upon such conditions as the commissioner by order determines. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the commissioner may nevertheless institute a denial, revocation or suspension proceeding under subsection (a) of this section within one year after withdrawal became effective.

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

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

(g) Notwithstanding the provisions of subsection (a) of this section, the commissioner may deny an application for registration as a broker-dealer, agent, investment adviser, investment adviser agent or branch office if the applicant fails to respond to any request for information required under sections 36b-2 to 36b-34, inclusive, or the regulations adopted pursuant to said sections. The commissioner shall notify the applicant in writing that if such information is not submitted within sixty days the application shall be deemed abandoned and denied. An application filing fee paid prior to the date an application is denied pursuant to this subsection shall not be refunded. Denial of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for registration under said sections. The hearing requirement provided for in subsection (f) of this section shall not apply to the denial of an application issued pursuant to this subsection.

(P.A. 77-482, S. 15; P.A. 80-88, S. 5, 12; P.A. 82-149, S. 6, 16; P.A. 87-375, S. 4; P.A. 88-208, S. 2; P.A. 89-220, S. 3, 4; P.A. 91-145, S. 4, 5; P.A. 94-178, S. 1; P.A. 96-192, S. 4; P.A. 99-38, S. 2; P.A. 01-48, S. 3; P.A. 03-19, S. 87; 03-259, S. 20; P.A. 04-45, S. 4; P.A. 05-177, S. 5; P.A. 07-91, S. 25; P.A. 09-160, S. 10; P.A. 10-141, S. 10.)

History: P.A. 80-88 added references to commodities, commodity futures trading commission and Commodity Exchange Act where appearing in Subsec. (a), inserted

new Subdiv. (G) and relettered former Subdivs. (G) to (K) accordingly; P.A. 82-149 made a technical correction to Subsec. (b); P.A. 87-375 amended Subsec. (a)(2)(E) by adding the reference to a cease and desist order of the commissioner and added new Subsec. (g) re abandoned applications; P.A. 88-208 amended Subsec. (a)(2)(F) by clarifying that in order for the commissioner to take any action, the sanctions must be currently effective and been imposed within the past five years, added subparagraph designations throughout Subsec. (a), amended Subsec. (a)(2)(F)(ii) re orders barring an individual from associations with a broker-dealer or an investment advisor, added Subsec. (a)(2)(F)(iii) re sanctions issued by certain self-regulatory organizations, and amended Subsec. (a)(2)(L) by extending the time period in which the commissioner may bring a suspension or revocation proceeding from 30 to 180 days; P.A. 89-220 added new Subsec. (a)(L) re withholding or concealing information from the commissioner and relettered the remaining subparagraph accordingly and amended Subsec. (e) by changing the date a withdrawal from registration becomes effective from 30 to 90 days after receipt of the application and made other technical changes; P.A. 91-145 amended Subsec. (a) to authorize the commissioner to deny, suspend or revoke registration upon a finding that sanctions have been imposed on the applicant or registrant by the securities administrator of a Canadian province or territory, added Subpara. (F)(v) re cease and desist orders entered by the Securities and Exchange Commission or the securities agency or administrator of another state or Canadian province or territory to Subsec. (a)(23), and amended Subsec. (a)(2)(K) by adding agents charged with exercising supervisory authority on behalf of broker-dealers and amended Subsec. (g) to authorize the commissioner to deny applications for registration as a branch office for failure to respond to requests for information; P.A. 94-178 authorized commissioner to “by order restrict or impose conditions on the securities or investment advisory activities that an applicant or registrant may perform in this state” in Subsec. (a); Sec. 36-484 transferred to Sec. 36b-15 in 1995; P.A. 96-192 added Subsec. (e)(2) re commissioner’s power to suspend or revoke expired registrations; P.A. 99-38 amended Subsec. (a)(2)(L) by adding provisions re rebuttable presumption; P.A. 01-48 amended Subsec. (e)(1) by adding provisions re notice of intent to withdraw and withdrawal of an application for registration and denial of such withdrawal; P.A. 03-19 made a technical change in Subsec. (e)(1), effective May 12, 2003; P.A. 03-259 amended Subsec. (a)(2)(F) by substituting “ten years” for “five years” and Subsec. (a)(2)(H) by inserting “fraudulent” and “, including abusive sales practices in the business dealings of such applicant, registrant or person with current or prospective customers or clients” in and made technical changes; P.A. 04-45 amended Subsec. (a)(2)(G) to make a technical change, amended Subsec. (a)(2)(K) to divide Subpara. into clauses (i) and (ii), in (i) making technical and organizational changes and in (ii) specifying failure reasonably to supervise agents of broker-dealer or investment adviser agents of investment adviser, if applicant, registrant or other person is or was an agent, investment adviser agent or

other person charged with exercising supervisory authority on behalf of broker-dealer or investment adviser, and amended Subsec. (b) to make technical changes; P.A. 05-177 amended Subsec. (a)(2)(F)(v) to allow commissioner to deny, suspend or revoke any registration based on a cease and desist order entered by a self-regulatory organization, amended Subsec. (a)(2) to add new Subpara. (M) allowing commissioner to deny, suspend or revoke any registration for the wilful aiding, abetting, counseling, commanding, inducing or procuring a violation of any provision of the Act or a predecessor statute or any regulation or order under the Act or such statute, and to redesignate existing Subpara. (M) as Subpara. (N), and made technical changes throughout Subsec. (a); P.A. 07-91 amended Subsec. (c) to allow commissioner, by order, to require registrant to take or refrain from taking action that will effectuate purposes of Secs. 36b-2 to 36b-33 pending final determination of proceeding under section, effective June 5, 2007; P.A. 09-160 amended Subsec. (a) by replacing references to securities or commodities business with references to business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance in Subparas. (C), (D) and (H), removing reference to order issued by Canadian province or territory in Subpara. (F)(i), adding new Subpara. (F)(v) re nonsecurities violations, redesignating existing Subpara. (F)(v) as Subpara. (F)(vi), adding new Subpara. (N) re foreign jurisdiction, and redesignating existing Subpara. (N) as Subpara. (O); P.A. 10-141 amended Subsecs. (a), (c) and (g) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Annotation to former section 36-484:

Cited. 215 C. 277.

Sec. 36b-16. (Formerly Sec. 36-485). Registration of security prior to offer or sale required. Exceptions. No person shall offer or sell any security in this state unless (1) it is registered under sections 36b-2 to 36b-34, inclusive, (2) the security or transaction is exempted under section 36b-21, or (3) the security is a covered security provided such person complies with any applicable requirements in subsections (c), (d) and (e) of section 36b-21.

(P.A. 77-482, S. 16; P.A. 81-292, S. 5; P.A. 89-220, S. 5; P.A. 97-220, S. 8, 15; P.A. 10-141, S. 11.)

History: P.A. 81-292 deleted “or from” after “within”; P.A. 89-220 made a technical change; Sec. 36-485 transferred to Sec. 36b-16 in 1995; P.A. 97-220 added Subdiv. (3) re covered securities, effective July 1, 1997; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

See Sec. 3-123ee re exemption for Connecticut Home Care Trust Fund participation, offering and solicitation.

Cited. 233 C. 304. Defendant's claim that her convictions under statute should be reversed because she reasonably relied on advice of legal counsel in selling unregistered securities is unavailing; offense of selling unregistered securities requires proof only that defendant intended to do the act prohibited by statute and no specific intent to violate the law is required. 256 C. 313.

A note that does not require payment until expiration of a 9-month period does not fall within the exemptions from registration provided for in Sec. 36b-21. 77 CA 621.

Sec. 36b-17. (Formerly Sec. 36-486). Registration of security by coordination. Registration statement. Contents. Effective date. (a) Any security for which a registration statement has been filed under the Securities Act of 1933 in connection with the same offering may be registered by coordination.

(b) A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to the information specified in subsection (c) of section 36b-19 and the consent to service of process required by subsection (g) of section 36b-33: (1) One copy of the latest form of prospectus filed under the Securities Act of 1933, (2) if the commissioner by regulation so requires, a copy of the articles of incorporation and bylaws or their substantial equivalents currently in effect, a copy of any agreements with or among underwriters, a copy of any indenture or other instrument governing the issuance of the security to be registered, and a specimen or copy of the security, (3) if the commissioner requests, any other information or copies of any other documents filed under the Securities Act of 1933, and (4) an undertaking to forward all amendments to the federal prospectus, other than an amendment which merely delays the effective date of the registration statement promptly and in no event later than the first business day after the day they are forwarded to or filed with the Securities and Exchange Commission, whichever first occurs.

(c) A registration statement under this section automatically becomes effective at the moment the federal registration statement becomes effective if all the following conditions are satisfied: (1) No stop order is in effect and no proceeding is pending under section 36b-20, (2) the registration statement has been on file with the commissioner for at least fifteen days, and (3) a written or telegraphic statement of the maximum and minimum proposed offering prices and the maximum underwriting discounts and commissions has been on file for two full business days or such shorter period as the commissioner permits by regulation or order and the offering is made within those limitations. The registrant shall, within one business day after the federal

registration statement becomes effective, notify the commissioner in writing of the date and time when the federal registration statement became effective and the content of the price amendment, if any. The registrant shall, within five business days after the federal registration statement becomes effective, file a posteffective amendment containing the information and documents in the price amendment, if any. "Price amendment" means the final federal amendment which includes a statement of the offering price, underwriting and selling discounts or commissions, amount of proceeds, conversion rates, call prices, and other matters dependent upon the offering price. Upon failure to receive the required notification and posteffective amendment with respect to the price amendment, the commissioner may enter a stop order, without notice or hearing, retroactively denying effectiveness to the registration statement or suspending its effectiveness until compliance with this subsection, if he notifies the registrant by telephone or telegram of the issuance of the order by the close of the next business day following the entry of such order. Such notification, if by telephone, shall be followed by a confirmation in writing. If the registrant proves compliance with the requirements of this subsection as to notice and posteffective amendment, the stop order is void as of the time of its entry. The commissioner may by regulation or order waive either or both of the conditions specified in subdivisions (2) and (3) of this subsection. If the federal registration statement becomes effective before all the conditions in this subsection are satisfied and they are not waived, the registration statement automatically becomes effective as soon as all the conditions are satisfied. If the registrant advises the commissioner of the date when the federal registration statement has become effective, the commissioner shall advise the registrant by telephone or telegram, at the registrant's expense, within five business days after such information is received from the registrant, whether all the conditions are satisfied and whether he then contemplates the institution of a proceeding under section 36b-20, provided such advice by the commissioner shall not preclude the institution of such a proceeding at any time. When the conditions specified in subdivisions (1), (2) and (3) of this subsection have been satisfied, the commissioner shall by order issue a confirmation to the registrant of the date when the registration statement became effective.

(d) Repealed by P.A. 79-396, S. 10, 11.

(P.A. 77-482, S. 17; P.A. 78-34, S. 12, 17; P.A. 79-396, S. 10, 11; P.A. 82-149, S. 7, 16; P.A. 83-368, S. 6, 11; P.A. 85-169, S. 7, 8, 11.)

History: P.A. 78-34 referred to Sec. 36-502 rather than Sec. 36-501 in Subsec. (b) and to Sec. 36-489 rather than Sec. 36-488 in Subsec. (c); P.A. 79-396 repealed Subsec. (d) which had contained provisions re registration of securities "by coordination"; P.A. 82-149 amended Subsec. (c) to increase from 10 to 15 the number of days the registration statement must be on file, specify that the statement of

offering prices be “written or telegraphic”, and specify time limitations on when the registrant must file certain documents and notify the commissioner and when the commissioner must notify the registrant of certain events; P.A. 83-368 amended Subsec. (c) to change from 1 to 5 business days the period in which the commissioner shall notify the registrant whether all conditions are met to render his registration statement effective; P.A. 85-169 amended Subsec. (b) to reduce from three to one the number of copies of a form of prospectus required to be filed, and amended Subsec. (c) to require notice in writing rather than by telephone or telegram of the date and time the federal registration statement becomes effective; Sec. 36-486 transferred to Sec. 36b-17 in 1995.

Sec. 36b-18. (Formerly Sec. 36-487). Registration of security by qualification. Statement contents. Effective date. (a) Any security may be registered by qualification.

(b) A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to the information specified in subsection (c) of section 36b-19 and the consent to service of process required by subsection (g) of section 36b-33: (1) With respect to the issuer and any significant subsidiary: Its name, address, and form of organization; the state or foreign jurisdiction and date of its organization; the general character and location of its business; a discussion of the principal factors that make the offering speculative or one of high risk; a description of its physical properties and equipment, and a statement of the general competitive conditions in the industry or business in which it is or will be engaged; (2) with respect to every director and officer of the issuer, or person occupying a similar status or performing similar functions: His name, address and principal occupation for the past five years; the amount of securities of the issuer held by him as of a specified date within thirty days of the filing of the registration statement; the amount of the securities covered by the registration statement to which he has indicated his intention to subscribe; and a description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past three years or proposed to be effected; (3) with respect to persons covered by subdivision (2) of this subsection: The remuneration paid during the past twelve months and estimated remuneration to be paid during the next twelve months, directly or indirectly, by the issuer together with all predecessors, parents, subsidiaries and affiliates to all such persons in the aggregate; (4) with respect to any person owning of record, or beneficially if known, ten per cent or more of the outstanding shares of any class of equity security of the issuer: The information specified in said subdivision (2) of this subsection other than his occupation; (5) with respect to every promoter if the issuer was organized within the past three years: The information specified in said subdivision (2) of this subsection, any amount paid to him within that period or intended to be paid to him, and the consideration for any such payment; (6) with

respect to any person on whose behalf any part of the offering is to be made in a nonissuer distribution: His name and address; the amount of securities of the issuer held by him as of the date of the filing of the registration statement; a description of any material interest in any material transaction with the issuer or any significant subsidiary effected within the past three years or proposed to be effected; and a statement of his reasons for making the offering; (7) the capitalization and long-term debt, on both a current and pro forma basis, of the issuer and any significant subsidiary, including a description of each security outstanding or being registered or otherwise offered, and a statement of the amount and kind of consideration, whether in the form of cash, physical assets, services, patents, good will or anything else, for which the issuer or any subsidiary has issued any of its securities within the past two years or is obligated to issue any of its securities; (8) the kind and amount of securities to be offered; the proposed offering price or the method by which it is to be computed; any variation therefrom at which any proportion of the offering is to be made to any person or class of persons other than the underwriters, with a specification of any such person or class; the basis upon which the offering is to be made if otherwise than for cash; the estimated aggregate underwriting and selling discounts or commissions and finders' fees, including separately cash, securities, contracts or anything else of value to accrue to the underwriters or finders in connection with the offering, or, if the selling discounts or commissions are variable, the basis of determining them and their maximum and minimum amounts; the estimated amounts of other selling expenses, including legal, engineering and accounting charges; the name and address of every underwriter and every recipient of a finder's fee; a copy of any underwriting or selling-group agreement pursuant to which the distribution is to be made, or the proposed form of any such agreement whose terms have not yet been determined, and a description of the plan of distribution of any securities which are to be offered otherwise than through an underwriter; (9) the estimated cash proceeds to be received by the issuer from the offering; the purposes for which the proceeds are to be used by the issuer; the amount to be used for each purpose, the order or priority in which the proceeds will be used for the purposes stated; the amounts of any funds to be raised from other sources to achieve the purposes stated; the sources of any such funds, and, if any part of the proceeds is to be used to acquire any property, including good will, other than in the ordinary course of business, the names and addresses of the vendors, the purchase price, the names of any persons who have received commissions in connection with the acquisition, and the amounts of any such commissions and any other expense in connection with the acquisition, including the cost of borrowing money to finance the acquisition; (10) a description of any stock options or other security options outstanding, or to be created in connection with the offering, together with the amount of any such options held or to be held by every person required to be named in subdivision (2), (4), (5), (6) or (8) of this subsection and by any person who holds or will hold ten per cent or more in the aggregate of any such options; (11) the

dates of, parties to and general effect concisely stated of, every management or other material contract made or to be made otherwise than in the ordinary course of business if it is to be performed in whole or in part at or after the filing of the registration statement or was made within the past two years, together with a copy of every such contract; (12) a description of any material litigation or proceeding commenced or resolved within the past ten years, including any administrative proceeding or any disciplinary action by self-regulatory organizations, to which the issuer or any of its officers, directors, persons nominated as directors or general partners, any beneficial owner of ten per cent or more of any class of its equity securities, any promoter or any underwriter of the securities to be offered, including any partner, director or officer of any such underwriter, was named a party, provided any conviction for any misdemeanor involving a security or any aspect of the securities business or any felony shall be deemed material unless determined by the commissioner not to be material; (13) a copy of any prospectus, pamphlet, circular, form letter, advertisement or other sales literature intended as of the effective date to be used in connection with the offering; (14) a specimen or copy of the security being registered; a copy of the issuer's articles of incorporation and bylaws, or their substantial equivalents, as currently in effect, and a copy of any indenture or other instrument covering the security to be registered; (15) a signed or conformed copy of an opinion of counsel as to the legality of the security being registered with an English translation if it is in a foreign language, which shall state whether the security when sold will be legally issued, fully paid and nonassessable, and, if a debt security, a binding obligation of the issuer; (16) the written consent of any accountant, engineer, appraiser or other person whose profession gives authority to a statement made by him if any such person is named as having prepared or certified a report or valuation other than a public and official document or statement which is used in connection with the registration statement; (17) (A) a balance sheet, statement of income and cash flow and changes in stockholders' equity of the issuer as of the date within four months prior to the filing of the registration statement, which financial statements may be unaudited, provided if the issuer has been in business for less than one full year from the date of the filing of the registration statement, such financial statements must be reviewed by an independent certified public accountant; (B) a balance sheet, statement of income and cash flow and changes in stockholders' equity for each of the three preceding fiscal years, which financial statements must be audited by an independent certified public accountant; and (C) if any part of the proceeds of the offering is to be applied to the purchase of any business, the same financial statements which would be required if that business were the registrant; and (18) such additional information as the commissioner requires by regulation or order.

(c) A registration statement under this section becomes effective when the commissioner so orders.

(d) The commissioner may by regulation or order require as a condition of registration under this section that a prospectus containing any designated part of the information specified in subsection (b) of this section be sent or given to each person to whom an offer is made before or concurrently with (1) the first written offer made to him, otherwise than by means of a public advertisement, by or for the account of the issuer or any other person on whose behalf the offering is being made, or by any underwriter or broker-dealer who is offering part of an unsold allotment or subscription taken by him as a participant in the distribution, (2) the confirmation of any sale made by or for the account of any such person, (3) payment pursuant to any such sale, or (4) delivery of the security pursuant to any such sale, whichever first occurs.

(P.A. 77-482, S. 18; P.A. 78-34, S. 13, 17; P.A. 96-192, S. 5; P.A. 97-22, S. 4.)

History: P.A. 78-34 referred to Sec. 36-502 rather than to Sec. 36-507 in Subsec. (b); Sec. 36-487 transferred to Sec. 36b-18 in 1995; P.A. 96-192 amended Subdiv. (b)(1) to require discussion of risk factors, inserted new Subdiv. (b)(12) to require description of material litigation from last 10 years, renumbering as necessary, and amended other Subdivs. re financial statements; P.A. 97-22 made technical changes in Subsec. (b)(12).

Sec. 36b-19. (Formerly Sec. 36-488). Registration statement filed by issuer, person on whose behalf offering is to be made or registered broker-dealer. Fee. Contents. Effective date. Regulation by commissioner. (a) A registration statement may be filed with the commissioner, or with any other depository that the commissioner may designate by regulation or order, by the issuer, any other person on whose behalf the offering is to be made or a registered broker-dealer.

(b) Every person filing a registration statement for registration by coordination and qualification shall pay a nonrefundable filing fee of one-tenth of one per cent of the maximum aggregate offering price of securities to be offered in this state, such fee not to exceed fifteen hundred dollars nor to be less than three hundred dollars.

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

(d) Any document filed under sections 36b-2 to 36b-34, inclusive, or a predecessor act within five years preceding the filing of a registration statement may be

incorporated by reference in the registration statement to the extent that the document is currently accurate.

(e) The commissioner may by regulation or otherwise permit the omission of any item of information or document from any registration statement.

(f) In the case of a nonissuer distribution, information may not be required under section 36b-18 or subsection (j) of this section unless it is known to the person filing the registration statement or to the persons on whose behalf the distribution is to be made, or can be furnished by them without unreasonable effort or expense.

(g) The commissioner may by regulation or order require as a condition of registration by qualification or coordination (1) that any security issued within the past three years or to be issued to a promoter for a consideration substantially different from the public offering price, or to any person for a consideration other than cash, be deposited in escrow; and (2) that the proceeds from the sale of the registered security in this state be impounded until the issuer receives a specified amount from the sale of the security either in this state or elsewhere. The commissioner may by regulation or order determine the conditions of any escrow or impounding required hereunder, but he may not reject a depository solely because of location in another state.

(h) The commissioner may by regulation or order require as a condition of registration that any security registered by qualification or coordination be sold only on a specified form of subscription or sale contract and that a signed or conformed copy of each contract be filed with the commissioner or preserved for any period up to three years specified in the regulation or order.

(i) Every registration statement is effective for one year from its effective date, except during the time a stop order is in effect under section 36b-20. All outstanding securities of the same class as a registered security are considered to be registered for the purpose of any nonissuer transaction (1) as long as the registration statement is effective, and (2) between the thirtieth day after the entry of any stop order suspending or revoking the effectiveness of the registration statement under section 36b-20 if the registration statement did not relate in whole or in part to a nonissuer distribution and one year from the effective date of the registration statement. A registration statement may not be withdrawn for one year from its effective date if any securities of the same class are outstanding; provided, if within such one-year period the security or transaction covered by such registration statement becomes eligible for an exemption from registration, the registration statement shall be terminated if the commissioner is notified in writing within such one-year period of the exempt status of the security or transaction. A registration statement may be withdrawn otherwise only in the discretion of the commissioner.

(j) As long as a registration statement is effective, the commissioner may by regulation or order require the person who filed the registration statement to file reports not more often than quarterly, to keep reasonably current the information contained in the registration statement and to disclose the progress of the offering.

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

(P.A. 77-482, S. 19; P.A. 78-34, S. 14, 17; P.A. 81-292, S. 6-9; P.A. 82-149, S. 8-10, 16; P.A. 83-368, S. 7, 11; P.A. 87-375, S. 5; P.A. 92-89, S. 10, 11, 20; P.A. 94-178, S. 2; P.A. 97-220, S. 9, 15; P.A. 99-38, S. 3; P.A. 06-196, S. 269; P.A. 10-141, S. 12, 13.)

History: P.A. 78-34 replaced reference to Sec. 36-488 with reference to Sec. 36-489 in Subsec. (i); P.A. 81-292 amended Subsec. (b) by increasing the registration fee from \$200 to \$300, amended Subsec. (c) by deleting “in this state” in Subdiv. (1) and inserting a new Subdiv. (3) requiring the name of any registered broker-dealer or agent of issuer who may offer the securities and renumbered the remaining Subdiv. accordingly, amended Subsec. (i) by providing that a registration statement is effective for one year or for a longer period if the commissioner is notified in writing within such one year, and amended Subsec. (k) by deleting provisions concerning the amendment of a registration statement when additional securities are to be offered and a \$200 filing fee for such an amendment and substituting provisions that a registration statement will be valid for one year regardless of the number of shares and aggregate amount and may be renewed prior to expiration, and establishing a renewal fee of \$300; P.A. 82-149 amended Subsec. (b) to clarify that the filing fee is nonrefundable, amended Subsec. (i) to delete provisions allowing a registration statement to be effective for a period longer than one year and to provide for the termination of a registration statement if the security or transaction becomes exempt, and added Subsec. (l) concerning registration by qualification after securities have been sold in violation of registration provisions; P.A. 83-368 amended Subsec. (b) to apply the \$300 fee only to specific securities and to apply a fee of 0.1% to all other registration statements; P.A. 87-375 amended Subsec. (l) by substituting “If the commissioner finds as the result of an investigation” for “If it appears to the commissioner” and substituting “the prior failure to effect a” registration for registration “by

qualification”; P.A. 92-89 increased the filing fee in Subsec. (b) from \$300 to \$500 and the renewal fee in Subsec. (k) from \$300 to \$500; P.A. 94-178 amended Subsec. (k) by specifying that a registration statement relating to securities issued by an open-end management company continues in force two months after the applicant’s fiscal year, that such a statement must be renewed for a \$500 nonrefundable fee within two months after the fiscal year and that such renewal becomes effective when the commissioner so orders; Sec. 36-488 transferred to Sec. 36b-19 in 1995; P.A. 97-220 deleted filing fee for registration statement re security issued by face-amount certificate company, open-end management company or unit investment trust in Subsec. (b), deleted former Subsec. (k) re registration statement for security issued by face-amount certificate company, open-end management company or unit investment trust, and redesignated former Subsec. (l) as Subsec. (k), effective July 1, 1997; P.A. 99-38 amended Subsec. (a) by adding provisions re filing of registration statement with depository designated by the commissioner; P.A. 06-196 made technical changes in Subsecs. (i) and (j), effective June 7, 2006; P.A. 10-141 amended Subsecs. (c), (d) and (k) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-20. (Formerly Sec. 36-489). Stop order. When issued by commissioner. Registration statement deemed abandoned, when. (a) The commissioner may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement if he finds (1) that the order is in the public interest and (2) that: (A) The registration statement as of its effective date or as of any earlier date in the case of an order denying effectiveness, or any report under subsection (j) of section 36b-19, is incomplete in any material respect but is not abandoned pursuant to subsection (e) of this section or contains any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact; (B) any provision of sections 36b-2 to 36b-34, inclusive, or any regulation, order or condition lawfully imposed under said sections has been wilfully violated, in connection with the offering, by (i) the person filing the registration statement, (ii) the issuer, any partner, officer or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, provided the person filing the registration statement is directly or indirectly controlled by or acting for the issuer, or (iii) any underwriter; (C) the security registered or sought to be registered is the subject of an administrative stop order or similar order or a permanent or temporary injunction of any court of competent jurisdiction entered under any other federal or state act applicable to the offering; except the commissioner (i) may not institute a proceeding against an effective registration statement under this subparagraph more than one year from the date of the order or injunction relied on, and (ii) may not enter an order under this subparagraph on the basis of an order or injunction entered under

any other state act unless that order or injunction was based on facts which would currently constitute a ground for a stop order under this section; (D) the issuer's enterprise or method of business includes or would include activities which are illegal where performed; (E) the offering has worked or tended to work a fraud upon purchasers or would so operate; (F) the offering has been or would be made with unreasonable amounts of underwriters' and sellers' discounts, commissions or other compensation, or promoters' profits or participation, or unreasonable amounts or kinds of options; (G) when a security is sought to be registered by coordination, there has been a failure to comply with the undertaking required by subdivision (4) of subsection (b) of section 36b-17; (H) the applicant or registrant has failed to pay the proper filing fee; but the commissioner may enter only a denial order under this clause and he shall vacate any such order when the deficiency has been corrected; or (I) the issuer is a blank check company. The commissioner may not institute a stop order proceeding against an effective registration statement on the basis of a fact or transaction known to him when the registration statement became effective unless the proceeding is instituted within one hundred eighty days of the effective date of such registration statement.

(b) The commissioner may by order summarily postpone or suspend the effectiveness of the registration statement pending final determination of any proceeding under this section. Upon the entry of the order, the commissioner shall promptly notify each person specified in subsection (c) of this section that it has been entered and of the reasons therefor and that within fifteen days after the receipt of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested, the commissioner may modify or vacate the order or extend it until final determination.

(c) No stop order may be entered under this section except as provided in subsection (b) of this section without: (1) Appropriate prior notice to the applicant or registrant, the issuer and the person on whose behalf the securities are to be or have been offered; (2) opportunity for hearing; and (3) written findings of fact and conclusions of law.

(d) The commissioner may vacate or modify a stop order if he finds that the conditions which prompted its entry have changed or that it is otherwise in the public interest to do so.

(e) The commissioner may deem any registration statement to be abandoned if the person filing the registration statement fails to respond to any request for information required under this chapter or any regulation or order under this chapter. The commissioner shall notify the person filing the registration statement, the issuer and the person on whose behalf the securities are to be or have been offered, in writing,

that if such information is not submitted within sixty days of such written notification, the registration statement shall be deemed abandoned. Any filing fee paid prior to the date the registration statement is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of the registration statement pursuant to this subsection shall not preclude the person filing the registration statement from submitting a new registration statement under sections 36b-17 or 36b-18. The hearing requirement in subsection (c) of this section shall not apply to abandonment pursuant to this subsection.

(P.A. 77-482, S. 20; P.A. 78-34, S. 15, 17; P.A. 82-149, S. 11, 16; P.A. 93-157, S. 2, 4; P.A. 97-220, S. 10, 15; P.A. 98-162, S. 5; P.A. 10-141, S. 14.)

History: P.A. 78-34 replaced reference to Sec. 36-487 with reference to Sec. 36-488 in Subsec. (a); P.A. 82-149 amended Subsec. (a)(2)(A) by replacing “amendment” with “renewal registration”; P.A. 93-157 added Subsec. (a)(2)(I) by adding re commissioner’s discretion in issuing a stop order when the issuer of a registration is a blank check company and changed from 30 days to 180 days the time period in which the commissioner may not institute a stop order proceeding against an effective registration statement, effective July 1, 1993; Sec. 36-489 transferred to Sec. 36b-20 in 1995; P.A. 97-220 amended Subsec. (a) by deleting reference to renewal registration under Sec. 36b-19(k), effective July 1, 1997; P.A. 98-162 amended Subsec. (a) by adding reference to abandonment pursuant to Subsec. (e), and added new Subsec. (e) re abandoned registration statements; P.A. 10-141 amended Subsec. (a) by replacing reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-21. (Formerly Sec. 36-490). Exemption of certain securities and transactions. Denial or revocation of exemption. (a) The following securities are exempted from sections 36b-16 and 36b-22: (1) Any security including a revenue obligation issued or guaranteed by the United States, any state, any political subdivision of a state, or any agency or corporate or other instrumentality of one or more of the foregoing; or any certificate of deposit for any of the foregoing; (2) any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any such province, any agency or corporate or other instrumentality of one or more of the foregoing, or any other foreign government with which the United States currently maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer or guarantor; (3) any security that is not a “covered security” under Sections 3(a)(2) and 18(b)(4)(C) of the Securities Act of 1933 and that is issued by and represents or will represent an interest in or a debt of, or guaranteed by, any international banking institution, any bank, savings bank or savings and loan association organized under the laws of the United States, or any bank, savings institution or trust company organized and supervised under the laws of any state; (4)

any security issued by and representing or that will represent an interest in or a debt of, or guaranteed by, any federal savings and loan association, or any savings and loan or similar association organized under the laws of any state; (5) any security issued by and representing an interest in or a debt of, or guaranteed by, any insurance company organized under the laws of any state and authorized to do business in this state; (6) any security issued or guaranteed by any federal credit union or any credit union, industrial loan association or similar association organized and supervised under the laws of this state; (7) any security issued or guaranteed by any railroad, other common carrier, public utility or public utility holding company that is (A) regulated with respect to its rates and charges by the United States or any state; (B) a public utility holding company registered under the Public Utility Holding Company Act of 1935 or a subsidiary of such a registered holding company within the meaning of said act; or (C) regulated with respect to the issuance or guarantee of the security by the United States, any state, Canada or any Canadian province or territory; (8) (A) any security that is both (i) a margin security, as defined in regulations or rules adopted by the Board of Governors of the Federal Reserve System, or an American depository receipt, as defined in such regulations or rules, that represents such margin security, and (ii) an over-the-counter security or a security issued by a foreign issuer, regardless of whether such security is a covered security, (B) any warrant or right to purchase or subscribe to any security described in subparagraph (A) of this subdivision, and (C) any warrant or right to purchase or subscribe to any security listed or approved for listing upon notice of issuance on (i) the New York Stock Exchange, the American Stock Exchange, the Chicago Board Options Exchange and such other securities exchanges, including any successor to said exchanges, as may be designated by the commissioner from time to time, or (ii) the national market system of the National Association of Securities Dealers Automated Quotation System established pursuant to the Securities Exchange Act of 1934, or any successor to said system; (9) any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, charitable, fraternal, social, athletic or reformatory purposes, or as a chamber of commerce or trade or professional association; (10) any commercial paper which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which evidences an obligation to pay cash within nine months of the date of issuance, exclusive of days of grace, or any renewal of such paper which is likewise limited, or any guarantee of such paper or of any such renewal; (11) any security issued in connection with an employees' stock purchase, stock option, savings, pension, profit-sharing or similar benefit plan; (12) any security issued by any cooperative apartment corporation incorporated under the laws of this state, located in and operating wholly within the borders of this state, in conjunction with the execution of proprietary leases; (13) any security issued by any person, organized and located in this state and operating exclusively for the purpose of promoting the industrial or commercial

development of this state, or such development of any political subdivision thereof or such development of any regional planning area within this state, if such persons are approved by the Commissioner of Economic and Community Development and such approval has been certified, in writing, by said Commissioner of Economic and Community Development to the commissioner; such approval and certification shall be conclusive as to the nature and purpose of such person; (14) any security issued by the Connecticut Development Credit Corporation; (15) any security issued by any nonstock corporation, which is incorporated under the laws of this state as a cooperative marketing corporation and has its principal place of business in this state, and which is a farmers' cooperative organization, as defined in Section 521 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, if such corporation has been certified, in writing, by the Connecticut Department of Agriculture to the commissioner to be a bona fide cooperative marketing corporation; such certification shall be conclusive as to the nature and purpose of such corporation; (16) any security issued by all cooperative associations organized or existing under chapter 595; (17) any security issued by any person organized, located and operating within or from the borders of this state, when selling or offering for sale an interest in real estate limited partnerships or real estate syndications exclusively, if such person has obtained a permit from the Real Estate Commission; (18) any security which, prior to or within sixty days after October 1, 1977, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offer of any such security by an issuer or underwriter subsequent to such sixty days; (19) any interest or participation in any common trust fund or similar fund established and maintained by a bank, or by one or more banks under common control as otherwise authorized by general statute, exclusively for the collective investment and reinvestment of assets contributed thereto by such bank in its fiduciary capacity; (20) any security issued by a worker cooperative corporation formed under the provisions of sections 33-418f to 33-418o, inclusive; (21) an equipment trust certificate with respect to equipment leased or conditionally sold to a person, if any security issued by the person would be exempt under this section or would be a "covered security" under Section 18(b)(1) of the Securities Act of 1933; and (22) any other security that the commissioner may exempt, conditionally or unconditionally, on a finding that registration is not necessary or appropriate in the public interest or for the protection of investors.

(b) The following transactions are exempted from sections 36b-16 and 36b-22: (1) Any isolated nonissuer transaction, whether effected through a broker-dealer or not; (2) any nonissuer transaction by a registered agent of a registered broker-dealer in a security of a class that has been outstanding in the hands of the public for at least ninety days provided, at the time of the transaction: (A) The security is sold at a price

reasonably related to the current market price of the security; (B) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security; (C) a nationally recognized securities manual contains (i) a description of the business and operations of the issuer; (ii) the names of the issuer's officers and directors or, in the case of a non-United States issuer, the corporate equivalents of such persons in the issuer's country of domicile; (iii) an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and (iv) an audited income statement for each of the issuer's immediately preceding two fiscal years, or for the period of existence of the issuer, if in existence for less than two years, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and (D) the issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer, including any predecessors of the issuer (i) has been engaged in continuous business for at least three years or (ii) has total assets of at least two million dollars based on an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet. The exemption in this subdivision shall not be available for any distribution of securities issued by a blank check company, shell company, dormant company or any issuer that has been merged or consolidated with or has bought out a blank check company, shell company or dormant company unless the issuer or any predecessor has continuously operated its business for at least the preceding five years and has had gross operating revenue in each of the preceding five years, including gross operating revenue of at least five hundred thousand dollars per year in three of the preceding five years; (3) any nonissuer distribution of an outstanding security if the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest or dividends on the security; (4) any nonissuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to buy; but the commissioner may by regulation require that the customer acknowledge upon a specified form that the sale was unsolicited, and that a signed copy of each such form be preserved by the broker-dealer for a specified period or that the confirmation delivered to the purchaser or a memorandum delivered in connection therewith shall confirm that such purchase was unsolicited by the broker-dealer or any agent of the broker-dealer; (5) any transaction between the issuer or other person on whose behalf the offering is made and an underwriter, or among underwriters; (6) any

transaction in a bond or other evidence of indebtedness secured by a real or chattel mortgage or deed of trust or by an agreement for the sale of real estate or chattels, if the entire mortgage, deed of trust or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit; (7) any transaction by an executor, administrator, state marshal, marshal, receiver, trustee in bankruptcy, creditors' committee in a proceeding under the Bankruptcy Act, guardian or conservator; (8) any transaction executed by a bona fide pledgee without any purpose of evading sections 36b-2 to 36b-34, inclusive; (9) any offer or sale to a bank and trust company, a national banking association, a savings bank, a savings and loan association, a federal savings and loan association, a federal savings bank, a credit union, a federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; (10) (A) subject to the provisions of this subdivision, any transaction not involving a public offering within the meaning of Section 4(a)(2) of the Securities Act of 1933, but not including any transaction specified in the rules and regulations thereunder. (B) Subject to the provisions of this subdivision, any transaction made in accordance with the uniform exemption from registration for small issuers authorized in Section 19(d)(3)(C) of the Securities Act of 1933. (C) The exemptions set forth in subparagraphs (A) and (B) of this subdivision shall not be available for transactions in securities issued by any blank check company, shell company or dormant company. (D) The exemptions set forth in subparagraphs (A) and (B) of this subdivision may, with respect to any security or transaction or any type of security or transaction, be modified, withdrawn, further conditioned or waived as to conditions, in whole or in part, conditionally or unconditionally, by the commissioner, acting by regulation, rule or order, on a finding that such regulation, rule or order is necessary or appropriate in the public interest or for the protection of investors. (E) A nonrefundable fee of one hundred fifty dollars shall accompany any filing made with the commissioner pursuant to this subdivision; (11) any offer or sale of a preorganization certificate or subscription if (A) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective subscriber, (B) the number of subscribers does not exceed ten, and (C) no payment is made by any subscriber; (12) any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants or transferable warrants exercisable within not more than ninety days of their issuance, if (A) no commission or other remuneration other than a standby commission is paid or given directly or indirectly for soliciting any security holder in this state, or (B) the issuer first files a notice, in such form and containing such information as the commissioner may by regulation prescribe, specifying the terms of the offer and the commissioner does not by order disallow the exemption within the next ten full

business days; (13) any offer, but not a sale, of a security for which registration statements have been filed under both sections 36b-2 to 36b-34, inclusive, and the Securities Act of 1933, if no stop order or refusal order is in effect and no public proceeding or examination looking toward such an order is pending under either said sections or the Securities Act of 1933; (14) any transaction exempt under Section 4(a)(5) of the Securities Act of 1933, and the rules and regulations thereunder. The issuer shall, prior to the first sale, file with the commissioner a notice, in such form and containing such information as the commissioner may by regulation, rule or order prescribe. A nonrefundable fee of one hundred fifty dollars shall accompany any such filing made pursuant to this subdivision; (15) any transaction if all the following conditions are satisfied: (A) The offer and sale is effectuated by the issuer of the security; (B) the total number of purchasers of all securities of the issuer does not exceed ten. A subsequent sale of securities that (i) is registered under sections 36b-2 to 36b-34, inclusive, (ii) is sold pursuant to an exemption under said sections other than this subdivision, or (iii) involves covered securities, shall not be integrated with a sale pursuant to this exemption in computing the number of purchasers hereunder. For the purpose of this subdivision, each of the following is deemed to be a single purchaser of a security: A husband and wife, a child and the parent or guardian of such child when the parent or guardian holds the security for the benefit of the child, a corporation, a partnership, an association or other unincorporated entity, a joint stock company or a trust, but only if the corporation, partnership, association, unincorporated entity, joint stock company or trust was not formed for the purpose of purchasing the security; (C) no advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, broadcast over television or radio or communicated by other electronic means or any other general solicitation is used in connection with the sale; and (D) no commission, discount or other remuneration is paid or given directly or indirectly in connection with the offer and sale, and the total expenses, excluding legal and accounting fees, in connection with the offer and sale do not exceed one per cent of the total sales price of the securities. For purposes of this subdivision, a difference in the purchase price among the purchasers shall not, in and of itself, be deemed to constitute indirect remuneration; (16) any transaction exempt under Rule 701, 17 CFR Section 230.701 promulgated under Section 3(b) of the Securities Act of 1933; and (17) any other transaction that the commissioner may exempt, conditionally or unconditionally, on a finding that registration is not necessary or appropriate in the public interest or for the protection of investors.

(c) (1) Any person who offers or sells a security that is a covered security under Section 18(b)(2) of the Securities Act of 1933 shall file with the commissioner, or with any other depository that the commissioner may designate by regulation or order, a notice for each series or portfolio prior to the initial offer of such security in this

state, provided such notice requirement does not apply to any offer or sale described in subdivision (9) or (12) of subsection (b) of this section. The notice shall contain such information as the commissioner may require and shall be accompanied by a consent to service of process as required by subsection (g) of section 36b-33 and, except as provided in subdivision (4) of this subsection, a nonrefundable fee of five hundred dollars; (2) any notice filed pursuant to this subsection relating to a security issued by a face-amount certificate company or unit investment trust, as such terms are defined in the Investment Company Act of 1940, shall be valid for a period of one year from the date that such security is declared effective by the Securities and Exchange Commission, without limitation as to the number of shares or aggregate amount. Such notice may be renewed annually thereafter upon submission of such information as the commissioner may require, not earlier than thirty days nor later than five days prior to the date upon which such previously filed notice is due to expire, together with a nonrefundable fee of five hundred dollars; (3) any notice filed pursuant to this subsection relating to a redeemable security issued by an open-end management company, as defined in the Investment Company Act of 1940, shall be valid until December thirty-first of the calendar year in which it was first filed, without limitation as to the number of shares or aggregate amount. Such notice may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee of five hundred dollars; and (4) any notice filed pursuant to this subsection relating to a security issued by a closed-end company shall be valid for one year from the date of receipt by the commissioner or from the date that such security is declared effective by the Securities and Exchange Commission, whichever is later, and shall be accompanied by the nonrefundable fee prescribed in section 36b-19. A closed-end company, the securities of which will continue to be offered or distributed beyond the anniversary date of the filing of such notice with the commissioner or the declaration of such security's effectiveness by the Securities and Exchange Commission, whichever is later, shall file such information as the commissioner may require and include the fee prescribed in section 36b-19.

(d) Any person who offers or sells a security that is a covered security under Section 18(b)(3) of the Securities Act of 1933 shall file a consent to service of process with the commissioner as required by subsection (g) of section 36b-33 prior to the first offer or sale of such security in this state.

(e) Any person who offers or sells a security that is a covered security under Section 18(b)(4)(E) of the Securities Act of 1933 shall file a notice with the commissioner within fifteen days after the first sale of such a security in this state. Such notice shall contain such information as the commissioner may require and shall be accompanied by a consent to service of process as required by subsection (g) of section 36b-33 and a nonrefundable fee of one hundred fifty dollars.

(f) The commissioner may by order (1) deny or revoke any exemption specified in subdivision (9) or (11) of subsection (a) of this section or in subsection (b) of this section with respect to a specific security or transaction, (2) suspend the offer or sale of a covered security in this state if any person who offers a covered security fails to comply with any of the requirements set forth in subsections (c), (d) or (e) of this section, or (3) require any person who offers a covered security in this state and refuses to pay any fee required by subsections (c) or (e) of this section to register such security pursuant to section 36b-16. For purposes of this subsection, a delay in the payment of a fee or underpayment of a fee that is promptly remedied shall not constitute a refusal to pay such fee. No such order may be entered without appropriate prior notice to all interested parties, opportunity for hearing and written findings of fact and conclusions of law, except that the commissioner may by order summarily deny or revoke any of the specified exemptions or summarily suspend the offer or sale of any covered security subject to any of the requirements set forth in subsections (c), (d) or (e) of this section pending final determination of any proceeding under this subsection. Upon the entry of a summary order, the commissioner shall promptly notify all interested parties that it has been entered and of the reasons therefor and that within fifteen days of the receipt of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner after notice of, and opportunity for, hearing to all interested persons may modify or vacate the order or extend it until final determination. No order under this subsection may operate retroactively. No person may be considered to have violated sections 36b-16 and 36b-22 by reason of any offer or sale effected after the entry of an order under this subsection if such person sustains the burden of proof that such person did not know, and in the exercise of reasonable care could not have known, of the order.

(g) In any proceeding under sections 36b-2 to 36b-34, inclusive, the burden of proving an exemption, preemption, exclusion or an exception from a definition is upon the person claiming it.

(P.A. 77-482, S. 22; 77-614, S. 284, 587, 610; P.A. 78-34, S. 6, 7, 17; 78-303, S. 85, 136; P.A. 79-396, S. 6, 11; P.A. 80-88, S. 6, 7, 12; P.A. 81-292, S. 10; P.A. 82-149, S. 12, 13, 16; P.A. 83-368, S. 8, 11; 83-587, S. 53, 96; P.A. 84-430, S. 13, 14; 84-546, S. 91, 173; P.A. 85-169, S. 9, 11; P.A. 88-150, S. 6; 88-208, S. 3; P.A. 89-211, S. 42; P.A. 91-145, S. 6; P.A. 92-89, S. 12, 20; P.A. 93-157, S. 3, 4; P.A. 95-250, S. 1.; P.A. 96-192, S. 6; 96-211, S. 1, 5, 6; 96-222, S. 22, 41; P.A. 97-220, S. 11, 15; P.A. 98-162, S. 6, 7; P.A. 99-38, S. 4; P.A. 00-99, S. 82, 154; P.A. 01-195, S. 24, 181; June 30 Sp. Sess. P.A. 03-6, S. 146(f); P.A. 04-45, S. 5; 04-189, S. 1; P.A. 05-177, S. 6; P.A. 10-141, S. 15, 16; P.A. 13-106, S. 1; P.A. 14-89, S. 49; P.A. 16-65, S. 12.)

History: P.A. 77-614 and P.A. 78-303 replaced commissioner of commerce with commissioner of economic development, effective January 1, 1979; P.A. 78-34 referred to securities exchanges designated by commission where previously specific regional exchanges were listed in Subsec. (a)(8), deleted notice requirements in Subsec. (a)(11), rephrased Subsec. (a)(17), substituted “offer” for “offering” in (a)(18), added (a)(19), included creditor’s committees in Subsec. (b)(6), clarified applicable banks and savings institutions in (b)(8), rewrote (b)(9) and replaced “securities not involving the issuer of the securities, an affiliate of such issuer or an underwriter of the securities” with specified exempt securities in (b)(13); P.A. 79-396 added reference to Securities Act in Subsec. (b)(12) and to rules and regulations under said act in (b)(13); P.A. 80-88 substituted reference to Securities Act for detailed provisions re transactions in Subsec. (b)(9)(B); P.A. 81-292 amended Subsec. (a) by deleting in Subdiv. (3) “except for equity securities and debt securities subordinated to the deposits of such banks, savings institutions or trust companies”, deleting in Subdiv. (4) “except for equity securities and debt securities subordinated to the deposits of such associations” and adding Subdiv. (20) allowing for exemption of any security by the commissioner where registration is not necessary or appropriate; P.A. 82-149 amended Subsec. (a)(4) by deleting requirement that an association organized under the laws of any state is “authorized to do business in this state”, amended Subsec. (a)(11) by exempting from registration securities issued in connection with an employee stock option plan, amended Subsec. (b)(9)(B) by exempting certain transactions authorized by federal law, amended Subsec. (b)(11) by increasing from five to ten business days the period during which the commissioner may disallow the exemption and by specifying that the commissioner may prescribe the form and content of the notice, and inserting a new Subdiv. (14) exempting small transactions; P.A. 83-368 amended Subsec. (b)(9) to establish a \$25 filing fee for filings pursuant to Subdiv. (9)(C) of the subsection; P.A. 83-587 made technical change in Subsec. (a)(1); P.A. 84-430 amended Subsec. (a) to include within the list of exemptions any security issued by a worker cooperative corporation; P.A. 84-546 made technical change in Subsec. (a); P.A. 85-169 amended Subsec. (b) to make technical changes; P.A. 88-150 amended Subsec. (b) by increasing the license fee to \$100; P.A. 88-208 made a technical change in Subsec. (a)(5) and amended Subsec. (a)(8) by adding the requirement re availability of quotations and public trading having taken place prior to the offer or sale of the security; P.A. 89-211 clarified reference to the Internal Revenue Code of 1986; P.A. 91-145 amended Subsec. (a) by adding securities listed on the Chicago Board Options Exchange and securities designated as a national market system security to Subdiv. (8); P.A. 92-89 increased the filing fee in Subsec. (b)(9) from \$100 to \$150; P.A. 93-157 amended Subsec. (b) by excluding a blank check company, shell company, dormant company or any issuer that has been merged or consolidated from certain allowable exemptions and made certain technical changes for accuracy, effective July 1, 1993; Sec. 36-490 transferred to Sec. 36b-21 in

1995; P.A. 95-250 and P.A. 96-211 replaced Commissioner and Department of Economic Development with Commissioner and Department of Economic and Community Development; P.A. 96-192 deleted references to commissioner's acting "by regulation or order" and "by regulation, rule or order" in Subsecs. (a) and (b), respectively, and amended Subdiv. (b)(2) re issuers in operation at least five years with the required revenue; P.A. 96-222 amended Subsec. (a)(7) to insert "or its successor agency" after "Interstate Commerce Commission", effective July 1, 1996; P.A. 97-220 amended Subsec. (a)(8) re warrants or rights to purchase or subscribe to certain listed securities, amended Subsec. (b)(9)(A) re exemption for transactions not involving a public offering under Sec. 4(2) of the Securities Act of 1933 and not specified in the rules and regulations thereunder, amended Subsec. (b)(13) by deleting references to Secs. 4(1) and 4(4) of the Securities Act of 1933, amended Subsec. (b)(14) to add exemption for transactions involving covered securities, added new Subsecs. (c), (d) and (e) re offer or sale of covered securities, redesignated former Subsecs. (c) and (d) as Subsecs. (f) and (g), amended Subsec. (f) by adding provisions re covered securities and made technical changes, effective July 1, 1997; P.A. 98-162 amended Subsec. (a)(8) by adding new Subparas. (A) and (B) re over-the-counter and foreign securities approved for margin, and by designating existing provisions as Subpara. (C) and adding provision re covered security and amended Subsec. (b)(2) by adding new provisions re nonissuer transactions by a registered agent of a registered broker-dealer in an outstanding security, by designating new Subdiv. (3) re nonissuer distribution of an outstanding security, by redesignating existing Subdivs. (3) to (14) as Subdivs. (4) to (15), by adding new Subdiv. (16) re transactions exempt under Rule 701, by redesignating existing Subdiv. (15) as Subdiv. (17), and by making technical changes; P.A. 99-38 amended Subsec. (b)(2) by adding provision re non-United-States issuer in Subpara. (C)(ii), adding "immediately" in Subpara. (C)(iv), and adding provisions re continuous business and total assets in Subpara. (D), and amended Subsec. (c)(1) by adding provisions re filing notice with depository designated by the commissioner and exception for offer or sale described in Subsec. (b)(9) or (10); P.A. 00-99 replaced reference to sheriff with state marshal in Subsec. (b)(7), effective December 1, 2000; P.A. 01-195 made technical changes in Subsec. (b)(10) and (15), effective July 11, 2001; June 30 Sp. Sess. P.A. 03-6 replaced Department of Agriculture with Department of Agriculture and Consumer Protection, effective July 1, 2004; P.A. 04-45 amended Subsec. (b) to make a technical change in Subdiv. (10)(B) and to provide that the \$150 fee be nonrefundable in Subdivs. (10)(E) and (14); P.A. 04-189 repealed Sec. 146 of June 30 Sp. Sess. P.A. 03-6, thereby reversing the merger of the Departments of Agriculture and Consumer Protection, effective June 1, 2004; P.A. 05-177 amended Subsec. (a)(3) to exempt any security that is not a "covered security" under Secs. 3(a)(2) and 18(b)(4)(C) of the Securities Act of 1933 that represents or will represent an interest in or a debt of, or guaranteed by, any international banking institution, savings bank or savings and loan association,

amended Subsec. (a)(4) to insert “or that will represent”, amended Subsec. (a)(7) to provide that exemption applies to any security issued or guaranteed by any public utility holding company, in lieu of holding company, that is regulated with respect to its rates and charges by the United States or any state, to make conforming changes and to insert “or territory”, amended Subsec. (a)(21) to insert new exemption re equipment trust certificate, redesignating existing Subdiv. (21) as Subdiv. (22), amended Subsec. (b)(9) to insert “a federal savings bank”, amended Subsec. (b)(15)(C) to include reference to communication by other electronic means, amended Subsec. (g) to provide that burden of proving preemption or exclusion is upon the person claiming it, and made technical changes; P.A. 10-141 amended Subsecs. (b) and (g) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010; P.A. 13-106 amended Subsec. (a) to replace provision re any security appearing on the list of over-the-counter and foreign securities approved for margin that is not otherwise a covered security with provision re any security that is both a margin security or an American depository receipt and an over-the-counter security or security issued by a foreign issuer, regardless of whether such security is a covered security, in Subdiv. (8)(A) and to add reference to any successor to the securities exchanges and delete provision re warrant or right to purchase or subscribe to any security listed or approved for listing upon notice of issuance on the list of over-the-counter securities approved for margin where such security is a covered security in Subdiv. (8)(C), amended Subsec. (b) to make a technical change in Subdiv. (14), and amended Subsec. (c) to add exception re Subdiv. (4) in Subdiv. (1) and add Subdiv. (4) re filing and validity of any notice relating to a security issued by a closed-end company; P.A. 14-89 amended Subsec. (b)(10)(A) to replace “Section 4(2)” with “Section 4(a)(2)” re Securities Act of 1933, effective June 3, 2014.

Annotations to former section 36-490:

Cited. 215 C. 277.

Cited. 44 CS 72.

Annotation to present section:

Subsec. (g):

Exemption from securities registration requirement is an affirmative defense to charge of selling unregistered securities under Sec. 36b-16, and Subsec. expressly places burden of proving an exemption on the person claiming it; existence and applicability of an exemption does not negate any essential element of the crime that state has the burden of proving beyond a reasonable doubt in order to convict, and requiring defendant to bear burden of proving that affirmative defense by a

preponderance of the evidence does not violate defendant's right to due process. 256 C. 313.

Sec. 36b-22. (Formerly Sec. 36-491). Filing of material intended for distribution to prospective investors. The commissioner may, by regulation adopted, in accordance with chapter 54, or order, require the filing of any prospectus, pamphlet, circular, form letter, advertisement or other sales literature or advertising communication addressed or intended for distribution to prospective investors, including clients or prospective clients of an investment adviser registered or required to be registered under sections 36b-2 to 36b-34, inclusive, unless the security or transaction is (1) exempted by subsection (a) or (b) of section 36b-21, except for transactions exempted by subdivision (13) of subsection (b) of said section 36b-21, or (2) a covered security.

(P.A. 77-482, S. 23; P.A. 79-396, S. 7, 11; P.A. 82-149, S. 14, 16; P.A. 97-220, S. 12, 15; P.A. 05-177, S. 7; P.A. 10-141, S. 17.)

History: P.A. 79-396 substituted Sec. "36-490" for "36-491"; P.A. 82-149 added "except for transactions exempted by subdivision (12) of subsection (b) of said section"; Sec. 36-491 transferred to Sec. 36b-22 in 1995; P.A. 97-220 added exception for a covered security, effective July 1, 1997; (Revisor's note: In 1999 a reference to "subdivision (12)" of Subsec. (b) of Sec. 36b-21 was replaced editorially by the Revisors with "subdivision (13)" pursuant to changes to Sec. 36b-21 enacted by P.A. 98-162); P.A. 05-177 required that regulation be adopted in accordance with chapter 54, provided that filings of literature and advertising communications addressed or intended for prospective clients apply to investment advisers registered or required to be registered under Secs. 36b-2 to 36b-33, inclusive, and made technical changes; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

See Sec. 3-123ee re exemption for Connecticut Home Care Trust Fund participation, offering and solicitation.

Sec. 36b-22a. Investment advisers and investment adviser agents to provide schedule of charges, fees and penalties to clients. Each investment adviser required to register under section 36b-6 or investment adviser agent, as defined in section 36b-3, except an investment adviser representative, as defined in Securities and Exchange Commission Rule 203A-3, 17 CFR 275.203A-3, shall provide to each customer or client, upon request, a schedule of any charges, fees or penalties imposed on a customer or client for the acquisition, transfer or holding of securities. Such schedule shall fully disclose any variance, advantage or economy of volume purchases to be realized by the customer or client.

(P.A. 05-111, S. 1.)

Sec. 36b-23. (Formerly Sec. 36-492). False or misleading statements or omissions prohibited. No person shall make or cause to be made orally or in any document filed with the commissioner or in any proceeding, investigation or examination under sections 36b-2 to 36b-34, inclusive, any statement that is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect or, in connection with the statement, omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading.

(P.A. 77-482, S. 24; P.A. 99-38, S. 5; P.A. 00-61, S. 5, 9; P.A. 05-177, S. 8; P.A. 10-141, S. 18.)

History: Sec. 36-492 transferred to Sec. 36b-23 in 1995; P.A. 99-38 added “investigation or examination”; P.A. 00-61 prohibited false or misleading oral statements, effective July 1, 2000; P.A. 05-177 prohibited any person, in connection with a statement made to commissioner, from omitting to state a material fact necessary to make the statement made not false or misleading, and made a technical change; P.A. 10-141 replaced reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-24. (Formerly Sec. 36-493). Findings by commissioner. (a) Neither (1) the fact that an application for registration under sections 36b-6 to 36b-15, inclusive, or a registration statement under sections 36b-16 to 36b-20, inclusive, has been filed, nor (2) the fact that a person or security is effectively registered constitutes a finding by the commissioner that any document filed under sections 36b-2 to 36b-34, inclusive, is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for security or a transaction means that the commissioner has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction.

(b) No person shall make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with subsection (a) of this section.

(P.A. 77-482, S. 25; P.A. 07-217, S. 155; P.A. 10-141, S. 19.)

History: Sec. 36-493 transferred to Sec. 36b-24 in 1995; P.A. 07-217 made technical changes in Subsec. (a), effective July 12, 2007; P.A. 10-141 amended Subsec. (a) by replacing reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-25. (Formerly Sec. 36-494). Administration of chapter. Use and disclosure of information obtained under chapter. (a) Sections 36b-2 to 36b-34, inclusive, shall be administered by the commissioner.

(b) Neither the commissioner nor any of his officers or employees shall use for personal benefit any information which is filed with or obtained by the commissioner and which is not made public. No provision of sections 36b-2 to 36b-34, inclusive, authorizes the commissioner or any of his officers or employees to disclose any such information except among themselves or when necessary or appropriate in a proceeding or investigation under said sections. No provision of said sections either creates or derogates from any privilege which exists at common law or otherwise when documentary or other evidence is sought under a subpoena directed to the commissioner or any of his officers or employees.

(P.A. 77-482, S. 26; P.A. 10-141, S. 20.)

History: Sec. 36-494 transferred to Sec. 36b-25 in 1995; P.A. 10-141 replaced references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-26. (Formerly Sec. 36-495). Investigative powers of commissioner. (a) The commissioner may, subject to the provisions of the Freedom of Information Act, as defined in section 1-200: (1) Make such public or private investigations within or outside of this state as the commissioner deems necessary to determine whether any person has violated, is violating or is about to violate any provision of sections 36b-2 to 36b-34, inclusive, or any regulation or order thereunder, or to aid in the enforcement of said sections or in the prescribing of rules and forms thereunder, (2) require or permit any person to testify, produce a record or file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter to be investigated or about which an action or proceeding is to be instituted, and (3) publish information concerning any violation of said sections or any regulation or order thereunder.

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

(c) In case of contumacy by, or refusal to obey a subpoena issued to, any person, the superior court for the judicial district of Hartford, upon application by the commissioner, may issue to the person an order requiring him to appear before the commissioner, or the officer designated by him there to produce documentary evidence if so ordered or to give evidence concerning the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

(d) No person shall be excused from attending and testifying or from producing any document or record before the commissioner, or in obedience to the subpoena of the commissioner or any officer designated by him, or in any proceeding instituted by the commissioner, on the ground that the testimony or evidence, documentary or otherwise required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual may be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after claiming his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual testifying is not exempt from prosecution and punishment for perjury or contempt committed in testifying.

(P.A. 77-482, S. 27; P.A. 80-88, S. 8, 12; 80-483, S. 165, 186; P.A. 88-208, S. 4; 88-230, S. 1, 12; P.A. 90-98, S. 1, 2; P.A. 93-142, S. 4, 7, 8; P.A. 95-220, S. 4-6; P.A. 97-47, S. 36; P.A. 05-177, S. 9; P.A. 10-141, S. 21.)

History: P.A. 80-88 specified in Subsec. (a) that commissioner's actions are "subject to the provisions of chapter 3"; P.A. 80-483 substituted "judicial district of Hartford-New Britain" for "Hartford county" in Subsec. (c); P.A. 88-208 amended Subsec. (b) to authorize the commissioner to issue subpoenas at the request of another state and made a technical change in Subsec. (d); P.A. 88-230 replaced "judicial district of Hartford-New Britain" with "judicial district of Hartford", effective September 1, 1991; P.A. 90-98 changed the effective date of P.A. 88-230 from September 1, 1991, to September 1, 1993; P.A. 93-142 changed the effective date of P.A. 88-230 from September 1, 1993, to September 1, 1996, effective June 14, 1993; Sec. 36-495 transferred to Sec. 36b-26 in 1995; P.A. 95-220 changed the effective date of P.A. 88-230 from September 1, 1996, to September 1, 1998, effective July 1, 1995; P.A. 97-47 substituted reference to "the Freedom of Information Act, as defined in section 1-18a" for "chapter 3"; P.A. 05-177 amended Subsec. (a)(1) to authorize commissioner to investigate whether any person "is violating" provision of Secs. 36b-2 to 36b-33, inclusive, and to make technical changes, and amended Subsec. (a)(2) to authorize commissioner to require or permit any person to testify or produce a record as to facts and circumstances re matter to be investigated or about which an action or

proceeding is to be instituted; P.A. 10-141 amended Subsecs. (a) and (b) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Annotations to former section 36-495:

Cited. 219 C. 204.

Cited. 28 CA 653.

Cited. 42 CS 439.

Annotations to present section:

Cited. 235 C. 465.

Cited. 44 CS 72.

Sec. 36b-27. (Formerly Sec. 36-496). Enforcement powers of commissioner. (a) Whenever it appears to the commissioner after an investigation that any person has violated, is violating or is about to violate any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, or that the further sale or offer to sell securities would constitute a violation of said sections or any such regulation, rule or order, or that any person has engaged in a dishonest or unethical practice in the securities or commodities business within the meaning of sections 36b-31-15a to 36b-31-15d, inclusive, of the regulations of Connecticut state agencies, the commissioner may, in the commissioner's discretion, order (1) the person, (2) any other person that directly or indirectly controls such person and that is, was or would be a cause of the violation of such sections or any such regulation, rule or order, due to an act or omission such other person knew or should have known would contribute to such violation, or (3) any other person that has materially aided, is materially aiding or is about to materially aid in such violation, to cease and desist from the violations or the causing of or aiding in the violations of the provisions of said sections or of the regulations, rules or orders thereunder, or from the further sale or offer to sell securities constituting or which would constitute a violation of the provisions of said sections or of the regulations, rules or orders thereunder, or from further engaging in such dishonest or unethical practice and to take or refrain from taking such action that in the opinion of the commissioner will effectuate the purposes of sections 36b-2 to 36b-34, inclusive. After such an order is issued, the person named in the order may, within fourteen days after receipt of the order, file a written request for a hearing. Any such hearing shall be held in accordance with the provisions of chapter 54.

(b) Whenever it appears to the commissioner, after an investigation, that any person has violated any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, or that the further sale or offer to sell securities would constitute a violation of said sections or any such regulation, rule or order, or that such person has engaged in a dishonest or unethical practice in the securities or commodities business within the meaning of sections 36b-31-15a to 36b-31-15d, inclusive, of the regulations of Connecticut state agencies, the commissioner may, in addition to any other remedy under this section, order the person to (1) make restitution of any sums shown to have been obtained in violation of any of the provisions of said sections or any such regulation, rule or order or as a result of such dishonest or unethical practice plus interest at the legal rate set forth in section 37-1, (2) provide disgorgement of any sums shown to have been obtained in violation of any of the provisions of said sections or any such regulation, rule or order or as a result of such dishonest or unethical practice, or (3) both make restitution and provide disgorgement. After such an order is issued, the person named in the order may, not later than fourteen days after receipt of the order, file a written request for a hearing. Any such hearing shall be held in accordance with the provisions of chapter 54.

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

(d) (1) Whenever the commissioner finds as the result of an investigation that any person has violated any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, the commissioner may send a notice to (A) such person, (B) any other person that directly or indirectly

controls such person and that was a cause of the violation of said sections or any such regulation, rule or order, due to an act or omission such other person knew or should have known would contribute to such violation, or (C) any other person that has materially aided in such violation, by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt or the date seven days after the date on which such notice was mailed or sent. Any such notice shall include: (i) A reference to the title, chapter, regulation, rule or order alleged to have been violated; (ii) a short and plain statement of the matter asserted or charged; (iii) the maximum fine that may be imposed for such violation; (iv) a statement indicating that such person may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice; and (v) the time and place for the hearing.

(2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the charges made unless such person fails to appear at the hearing. Any such hearing shall be held in accordance with the provisions of chapter 54. After the hearing if the commissioner finds that the person has violated, caused a violation or materially aided in the violation of any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by said sections, order that a fine not exceeding one hundred thousand dollars per violation be imposed upon such person. If such person fails to appear at the hearing, the commissioner may, as the facts require, order that a fine not exceeding one hundred thousand dollars per violation be imposed upon such person. The commissioner shall send a copy of any order issued pursuant to this subsection by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, to any person named in such order.

(e) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, or that the further sale or offer to sell securities would constitute a violation of said sections or any such regulation, rule or order, the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by this section, bring an action in the superior court for the judicial district of Hartford to: (1) Enjoin the acts or practices and to enforce compliance with sections 36b-2 to 36b-34, inclusive, or any such regulation, rule or order against (A) such person; (B) any other person who directly or indirectly controls such person and who is, was or would be a cause of the violation of said sections 36b-2 to 36b-34, inclusive, or any such regulation, rule or order due to an act or omission such other person knew or should have known would

contribute to such violation; or (C) any other person who has materially aided, is materially aiding or is about to materially aid in such violation. Upon a proper showing, the court may issue a permanent or temporary injunction, restraining order or writ of mandamus and may order other appropriate or ancillary relief, which may include: (i) An asset freeze, accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, who may be the commissioner or a person recommended by the commissioner, for the defendant or the defendant's assets. If a person other than the commissioner is appointed receiver or conservator, the commissioner shall be a party to the receivership proceeding or conservatorship with standing to initiate or contest any motion, and the views of the commissioner shall be entitled to deference unless they are inconsistent with the plain meaning of sections 36b-2 to 36b-34, inclusive. The commissioner may appoint such employees and retain such consultants as the commissioner deems necessary for liquidating or administering the affairs of the defendant; (ii) an order directing the commissioner to take charge and control of a defendant's property, including investment accounts and accounts in a depository institution, rents, and profits; to collect debts; and to acquire and dispose of property; (iii) an order directing the payment of prejudgment and postjudgment interest; or (iv) an order covering such other relief as the court considers appropriate. The court shall not require the commissioner to post a bond; (2) seek a court order imposing a fine not to exceed one hundred thousand dollars per violation against the person found to have violated, caused a violation or materially aided in the violation of any provision of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections 36b-2 to 36b-34, inclusive; (3) apply for an order whereby the person that violated any of the provisions of said sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections shall be ordered to: (A) Make restitution of those sums shown by the commissioner to have been obtained by such person in violation of any of the provisions of said sections or any such regulation, rule or order, plus interest at the rate set forth in section 37-3a; (B) provide disgorgement of any sums shown to have been obtained in violation of any of the provisions of said sections or any such regulation, rule or order; (C) both make restitution and provide disgorgement; or (4) apply for an order whereby any person who directly or indirectly controls a person liable under subdivision (3) of this subsection, or who has materially aided a person liable under subdivision (3) of this subsection in a violation of any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, to make restitution, provide disgorgement, or both, of any sums shown to have been obtained as a result of such violation. Such controlling person or aider shall be liable jointly and severally with and to the same extent as the person liable under subdivision (3) of this subsection, unless such controlling person or aider allegedly liable under this subdivision sustains the burden of proof that such person did not

know, and in the exercise of reasonable care could not have known, of the existence of facts by reason of which the liability is alleged to exist. Such restitution or disgorgement shall, at the option of the court, be payable to the receiver or conservator appointed pursuant to this subsection, or directly to the persons whose assets were obtained in violation of any provision of sections 36b-2 to 36b-34, inclusive, or any such regulation, rule or order.

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

(P.A. 77-482, S. 28; P.A. 78-34, S. 8, 17; P.A. 79-396, S. 8, 11; P.A. 80-483, S. 166, 186; P.A. 87-375, S. 6; P.A. 88-230, S. 1, 12; P.A. 90-98, S. 1, 2; P.A. 91-145, S. 7; P.A. 93-142, S. 4, 7, 8; P.A. 94-178, S. 3; May 25 Sp. Sess. P.A. 94-1, S. 110; P.A. 95-66, S. 2; 95-220, S. 4-6; P.A. 97-220, S. 13, 15; P.A. 98-162, S. 8; P.A. 99-38, S. 6; P.A. 01-48, S. 4; P.A. 03-259, S. 21; P.A. 05-177, S. 10; P.A. 07-91, S. 26; P.A. 09-160, S. 11; P.A. 10-141, S. 22.)

History: P.A. 78-34 rephrased situations in which commissioner may take action and added provisions designated as Subdiv. (a); P.A. 79-396 added Subdivs. (c) to (e) and provisions specifying contents of consent order; P.A. 80-483 substituted "judicial district of Hartford-New Britain" for "Hartford county" in Subdiv. (b); P.A. 87-375 restructured the section by dividing it into Subsecs., made technical changes in Subsecs. (a), (c) and (d), added new provisions in Subsec. (b) re notice requirements for hearings, increased the fine the commissioner may impose to \$10,000 and amended Subsec. (c) to include provisions that restitution shall be paid with interest at the rate set forth in Sec. 37-3a and to increase the fine a court may impose for violations of orders of the commissioner to \$10,000; P.A. 88-230 replaced "judicial district of Hartford-New Britain" with "judicial district of Hartford", effective September 1, 1991; P.A. 90-98 changed the effective date of P.A. 88-230 from September 1, 1991, to September 1, 1993; P.A. 91-145 amended Subsec. (c) by

subjecting persons who have violated the provisions of the Uniform Securities Act to the enforcement powers of the commissioner and requiring the commissioner to apply to the superior court for the judicial district of Hartford-New Britain for an order of restitution; P.A. 93-142 changed the effective date of P.A. 88-230 from September 1, 1993, to September 1, 1996, effective June 14, 1993; P.A. 94-178 added Subsec. (a)(2) to (4) re ordering restitution, disgorgement or both, inserted new Subsec. (b) re liability of controlling persons to make restitution or provide disgorgement, and renumbered former Subsecs. (b) through (d) as Subsecs. (c) through (e); May 25 Sp. Sess. P.A. 94-1 made technical changes to Subsec. (a); Sec. 36-496 transferred to Sec. 36b-27 in 1995; P.A. 95-66 amended Subsec. (a) to delete remedies other than cease and desist orders for existing or prospective violations, added a new Subsec. (b) re restitution or disgorgement for past violations, and renumbered remaining Subsecs. accordingly; P.A. 95-220 changed the effective date of P.A. 88-230 from September 1, 1996, to September 1, 1998, effective July 1, 1995; P.A. 97-220 amended Subsec. (a) to add reference to persons who have violated the provisions of Secs. 36b-2 to 36b-33, inclusive, and amended Subsec. (d) to require notice by registered mail, effective July 1, 1997; P.A. 98-162 amended Subsec. (d)(2) by changing “civil penalty” to “fine”; P.A. 99-38 added provisions throughout re engaging in a dishonest or unethical practice in the securities or commodities business, changed the interest rate reference in Subsec. (b) from Sec. 37-3a to the legal rate set forth in Sec. 37-1, added provisions re joint and several liability of controlling persons and made a technical change in Subsec. (c), and changed “person charged with violating any provision of sections 36b-2 to 36b-33, inclusive” to “respondent named in such order” and made technical changes in Subsec. (f); P.A. 01-48 made technical changes throughout, amended Subsec. (c) by adding reference to violation of any regulation, rule or order, amended Subsec. (d) by adding references to express delivery and amended Subsec. (f) by adding references to notice and to Subsec. (d)(1); P.A. 03-259 amended Subsec. (a) to authorize commissioner to issue order to any other persons causing violation, added Subsec. (b)(3) authorizing commissioner to order both restitution and disgorgement, inserted “or both” in Subsec. (c), increased fines in Subsecs. (d)(2) and (e) from \$10,000 to \$100,000, inserted “or any such regulation, rule or order” in Subsec. (e) and made technical changes; P.A. 05-177 amended Subsec. (a) to insert Subdiv. designators (1) to (3), to authorize commissioner to issue a cease and desist order against person that directly or indirectly controls a person who commits violation and any other person that has materially aided, is materially aiding or is about to materially aid in violation, amended Subsec. (c) to authorize commissioner to order restitution and disgorgement for any person who has materially aided a person liable in violation under Subsec. (b) and to insert “or aider” re joint liability, amended Subsec. (d) to authorize commissioner to impose a fine on any person that directly or indirectly controls a person who commits violation and that was a cause of violation due to an act or omission such other person knew or should

have known would contribute to violation and on any person that has materially aided in violation, amended Subsec. (e) to make extensive changes and expand the court-ordered remedies available to commissioner, amended Subsec. (f)(4) to delete reference to dishonest or unethical practices, and made technical changes throughout; P.A. 07-91 amended Subsec. (a)(3) to allow commissioner to order person that has materially aided, is materially aiding or is about to materially aid in violation to take or refrain from taking action that will effectuate purposes of Secs. 36b-2 to 36b-33, effective June 5, 2007; P.A. 09-160 amended Subsec. (d)(1) by adding provision re certified mail, by adding provision re when notice is deemed received by a person, by repositioning provision requiring time and place for hearing to be included with notice, by adding provision requiring a statement indicating that person may file a written request for hearing to be included with notice, and amended Subsec. (d)(2) by adding “If a hearing is requested within the time specified in the notice” and adding provision re certified mail; P.A. 10-141 replaced references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Cited. 233 C. 304.

Sec. 36b-28. (Formerly Sec. 36-497). Penalties. (a) Any person who wilfully violates any provision of subsection (a) of section 36b-4 or subsection (a) or (f) of section 36b-5 shall be fined not more than ten thousand dollars or imprisoned for not more than ten years, or both.

(b) Any person who wilfully violates any other provision of sections 36b-2 to 36b-34, inclusive, shall be fined not more than three thousand five hundred dollars or imprisoned for not more than two years, or both.

(c) No information may be returned under sections 36b-2 to 36b-34, inclusive, more than five years after the alleged violation.

(P.A. 77-482, S. 29; P.A. 96-192, S. 7; P.A. 10-141, S. 23; P.A. 13-258, S. 16.)

History: Sec. 36-497 transferred to Sec. 36b-28 in 1995; P.A. 96-192 amended Subsec. (a) to substitute “subsection (a) of section 36b-4 or subsection (a) or (f) of section 36b-5” for “section 36b-4 or 36b-5”; P.A. 10-141 amended Subsecs. (b) and (c) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010; P.A. 13-258 amended Subsec. (a) to make a technical change and amended Subsec. (b) to change maximum fine from \$2,000 to \$3,500.

Annotation to former section 36-497:

Cited. 178 C. 145.

Annotation to present section:

Cited. 233 C. 304.

Sec. 36b-29. (Formerly Sec. 36-498). Buyer's remedies. (a) Any person who: (1) Offers or sells a security in violation of subsection (a) of section 36b-6, 36b-16 or subsection (b) of section 36b-24 or of any regulation or order under section 36b-22 which requires the affirmative approval of sales literature before it is used, or of any condition imposed under subsection (d) of section 36b-18 or subsection (g) or (h) of section 36b-19; or (2) offers or sells or materially assists any person who offers or sells a security by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, who knew or in the exercise of reasonable care should have known of the untruth or omission, the buyer not knowing of the untruth or omission, and who does not sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of the untruth or omission, is liable to the person buying the security, who may sue either at law or in equity to recover the consideration paid for the security, together with interest at eight per cent per year from the date of payment, costs and reasonable attorneys' fees, less the amount of any income received on the security, upon the tender of the security, or for damages if he no longer owns the security.

(b) (1) Any person who violates subsection (a) of section 36b-5 and (2) any investment adviser who violates subsection (b) or (c) of section 36b-5, the registration requirement in subsection (c) of section 36b-6, or subsection (b) of section 36b-24, shall be liable to the recipient of investment advisory services for any consideration paid by the recipient for those services and any loss resulting from the investment advisory services provided, less any profits earned by the recipient through transactions effected as a result of the advice rendered, plus interest at the rate of eight per cent per year from the date of payment of the consideration, costs and reasonable attorney's fees.

(c) Every person who directly or indirectly controls a person liable under subsections (a) and (b) of this section, every partner, officer or director of such a person, every person occupying a similar status or performing similar functions, every employee of such a person who materially aids in the act or transaction constituting the violation and every broker-dealer or agent who materially aids in the act or transaction constituting the violation are also liable jointly and severally with and to the same extent as such person, unless the person who is so liable sustains the burden of proof that he did not know, and in exercise of reasonable care could not have known, of the existence of the facts by reason of which the liability is alleged to exist. There shall be contribution as in cases of contract among the several persons so liable.

(d) Any tender specified in this section may be made at any time before entry of judgment.

(e) Every cause of action under sections 36b-2 to 36b-34, inclusive, survives the death of any person who might have been a plaintiff or defendant.

(f) No person may bring an action under this section more than two years after the date of the contract of sale or of the contract for investment advisory services, except that with respect to actions arising out of intentional misrepresentation or fraud in the purchase or sale of securities, no person may bring an action more than two years from the date when the misrepresentation or fraud is discovered or in the exercise of reasonable care should have been discovered, except that no such action may be brought more than five years from the date of such misrepresentation or fraud.

(g) No person may bring an action under subsection (a) of this section: (1) If the buyer received a written offer, before suit and at a time when he owned the security, to refund the consideration paid together with interest at six per cent per year from the date of payment, less the amount of any income received on the security, and he failed to accept the offer within thirty days of its receipt, or (2) if the buyer received such an offer before bringing a cause of action and at a time when he did not own the security, unless he rejected the offer in writing within thirty days of its receipt.

(h) No person who has made or engaged in the performance of any contract in violation of any provision of sections 36b-2 to 36b-34, inclusive, or any regulation or order thereunder, or who has acquired any purported right under any such contract with knowledge of the facts by reason of which its making or performance was in violation, may base any cause of action on the contract.

(i) Any condition, stipulation or provision binding any person acquiring any security or receiving investment advice to waive compliance with any provision of sections 36b-2 to 36b-34, inclusive, or any regulation or order thereunder is void.

(j) The rights and remedies provided by sections 36b-2 to 36b-34, inclusive, are in addition to any other rights or remedies that may exist at law or in equity.

(P.A. 77-482, S. 30; P.A. 81-292, S. 11; P.A. 87-375, S. 7; P.A. 89-220, S. 6; P.A. 93-169, S. 1, 2; P.A. 03-259, S. 22; P.A. 04-45, S. 6; P.A. 10-141, S. 24, 25.)

History: P.A. 81-292 amended Subsec. (a) to increase the rate of interest on a recovery from 6% to 8%; P.A. 87-375 inserted a new Subsec. (b) re remedies for recipients of investment advisory services and relettered the remaining Subsecs., amended Subsec. (c) by substituting “person” for “seller” or “nonseller” and substituting “act or transaction constituting the violation” for “sale” and amended

Subsec. (h) by extending the application of the section to persons receiving investment advice; P.A. 89-220 amended Subsec. (b) by adding the reference to registration requirement in Sec. 36-474(c); P.A. 93-169 amended Subsec. (a)(2) to make liable a person who “materially assists any person who offers or sells” a security by means of an untruth or omission and to provide that a condition of liability is that the person “knew or in the exercise of reasonable care should have known of the untruth or omission”, amended Subsec. (f) to add exceptions to the two-year statute of limitations for actions arising out of the intentional misrepresentation or fraud in the purchase or sale of any interest in certain limited partnerships and in the purchase or sale of all other securities, designated provisions of former Subsec. (f) re when a person is prohibited from bringing an action as Subsec. (g) and relettered the remaining Subsecs. accordingly, effective July 1, 1993; Sec. 36-498 transferred to Sec. 36b-29 in 1995; P.A. 03-259 deleted provisions in Subsec. (f)(1) re action pending on July 1, 1993; P.A. 04-45 amended Subsec. (f) to eliminate exception in former Subdiv. (1) and delete Subdiv. (2) designator, to make a conforming technical change, to increase, from one year to two years, the maximum time an action may be brought from the date when misrepresentation or fraud is discovered or should have been discovered and to increase, from three to five years, the maximum time an action may be brought from the date of misrepresentation or fraud; P.A. 10-141 amended Subsecs. (e) and (h) to (j) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Annotations to former section 36-498:

Cited. 200 C. 172; 230 C. 486.

Cited. 10 CA 22.

Annotations to present section:

Cited. 233 C. 304; 242 C. 17.

Where a party seeks equitable relief pursuant to a cause of action that also allows that party to seek legal relief, concurrent legal and equitable jurisdiction exists, and the statute of limitations that would be applicable to bar the legal claim also applies to bar the equitable claim. 49 CA 330.

Cited. 45 CS 24.

Sec. 36b-30. (Formerly Sec. 36-499). Appeals. Any person aggrieved by a final decision of the commissioner may appeal to the superior court for the judicial district of New Britain in accordance with the provisions of section 4-183.

(P.A. 77-482, S. 31; P.A. 80-483, S. 167, 186; P.A. 88-230, S. 1, 12; P.A. 90-98, S. 1, 2; P.A. 93-142, S. 4, 7, 8; P.A. 95-220, S. 4–6; P.A. 99-215, S. 24, 29.)

History: P.A. 80-483 specified appeal court as superior court and replaced “Hartford county” with “judicial district of Hartford-New Britain”; P.A. 88-230 replaced “judicial district of Hartford-New Britain” with “judicial district of Hartford”, effective September 1, 1991; P.A. 90-98 changed the effective date of P.A. 88-230 from September 1, 1991, to September 1, 1993; P.A. 93-142 changed the effective date of P.A. 88-230 from September 1, 1993, to September 1, 1996, effective June 14, 1993; Sec. 36-499 transferred to Sec. 36b-30 in 1995; P.A. 95-220 changed the effective date of P.A. 88-230 from September 1, 1996, to September 1, 1998, effective July 1, 1995; P.A. 99-215 replaced “judicial district of Hartford” with “judicial district of New Britain”, effective June 29, 1999.

Annotation to former section 36-499:

Cited. 39 CS 462.

Sec. 36b-31. (Formerly Sec. 36-500). Regulatory power of commissioner. Hearings. (a) The commissioner may from time to time make, amend and rescind such regulations, forms and orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive, including regulations, forms and orders governing registration statements, notice filings, applications, and reports, and defining any terms, whether or not used in said sections, insofar as the definitions are not inconsistent with the provisions of said sections. For the purpose of regulations, forms and orders, the commissioner may classify securities, persons and matters within his or her jurisdiction, and prescribe different requirements for different classes.

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

(c) To encourage uniform interpretation and administration of sections 36b-2 to 36b-34, inclusive, and effective securities regulation and enforcement, the commissioner may cooperate with the securities agencies or administrators of other states, Canadian provinces or territories, or other countries, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Securities

Investor Protection Corporation, any self-regulatory organization, any national or international organization of securities officials or agencies, and any governmental law enforcement or regulatory agency. The cooperation authorized by this subsection includes, but is not limited to, the following actions: (1) Establishing central depositories for the registration of securities or securities industry personnel under sections 36b-2 to 36b-34, inclusive, and for documents or records required or allowed to be filed with or maintained by the commissioner under sections 36b-2 to 36b-34, inclusive; (2) conducting joint examinations and investigations; (3) sharing and exchanging information and documents subject to the restrictions of chapter 3; (4) sharing and exchanging personnel; and (5) executing joint agreements, memoranda of understanding and orders.

(d) Subject to Section 15(i) of the Securities Exchange Act of 1934 and Section 222 of the Investment Advisers Act of 1940, the commissioner may, by regulation or order, prescribe: (1) The form and content of financial statements required under sections 36b-2 to 36b-34, inclusive; (2) the circumstances under which consolidated financial statements shall be filed; and (3) whether any required financial statements shall be certified by independent certified public accountants. All financial statements shall be prepared in accordance with generally accepted accounting principles.

(e) Any regulations issued pursuant to the provisions of sections 36b-2 to 36b-34, inclusive, shall be adopted in accordance with the provisions of chapter 54.

(f) The commissioner, or employees of the Department of Banking authorized by the commissioner, may, whether or not requested by any person, issue declaratory rulings pursuant to section 4-176 or written advisory interpretations of sections 36b-2 to 36b-34, inclusive, including interpretation of the applicability of any provision of said sections, or may issue determinations that the commissioner will not institute a proceeding or an action under sections 36b-2 to 36b-34, inclusive, against a specified person for engaging in a specified act, practice or course of business if the determination is consistent with the purposes fairly intended by the policy and provisions of said sections 36b-2 to 36b-34, inclusive.

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

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

(P.A. 77-482, S. 32; P.A. 78-34, S. 9, 10, 17; 78-303, S. 85, 136; P.A. 79-396, S. 9, 11; P.A. 80-88, S. 9, 12; 80-482, S. 4, 345, 348; P.A. 85-169, S. 10, 11; P.A. 87-9, S. 2, 3; P.A. 91-145, S. 8; P.A. 99-38, S. 7; P.A. 05-177, S. 11; P.A. 10-141, S. 26; P.A. 16-65, S. 13.)

History: P.A. 78-34 replaced previous Subsec. (e) which read “No provision of this act imposing any liability applies to any act done or omitted in good faith in conformity with any regulation, form or order of the commissioner, notwithstanding that the regulation, form or order may later be amended or rescinded or be determined by judicial authority to be invalid for any reason”; P.A. 78-303 allowed substitution of division of banking within the department of business regulation for banking department in Subsec. (e) in keeping with P.A. 77-614 provisions; P.A. 79-396 authorized issuance of declaratory rulings in Subsec. (e); P.A. 80-88 deleted provision in Subsec. (f) which had allowed hearing to be private at commissioner’s discretion upon request of all respondents; P.A. 80-482 restored banking division as independent department and abolished the department of business regulation; P.A. 85-169 clarified that the commissioner may act on orders as well as regulations and forms; (Revisor’s note: Pursuant to P.A. 87-9 “banking department” was changed editorially by the Revisors to “department of banking”); P.A. 91-145 amended Subsec. (c) by changing generally accepted accounting practices to read generally accepted accounting principles; Sec. 36-500 transferred to Sec. 36b-31 in 1995; P.A. 99-38 added new Subsec. (c) re cooperation of commissioner with other regulators and redesignated former Subsecs. (c) to (g), inclusive, as Subsecs. (d) to (h), inclusive; P.A. 05-177 amended Subsecs. (a) and (b) to insert “notice filings”, amended Subsec. (d) to add “Subject to Section 15(h) of the Securities Exchange Act of 1934 and Section 222 of the Investment Advisers Act of 1940”, amended Subsec. (f) to authorize commissioner or authorized employees to issue determinations that commissioner will not institute a proceeding or an action against a specified person for engaging in a specified act, practice or course of business, amended Subsec. (h) to include “no action determination” within the purview of section and made technical changes throughout; P.A. 10-141 replaced references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-32. (Formerly Sec. 36-501). Filing of documents. Register of applications, statements and orders. Copies. (a) A document is filed when it is received by the commissioner or any other person designated in writing by the commissioner.

(b) The commissioner shall keep a register of all applications for registration and registration statements which are or have ever been effective under sections 36b-2 to 36b-34, inclusive, and all denial, suspension or revocation orders which have ever been entered under said sections. Such register shall be open for public inspection.

(c) The information contained in or filed with any effective registration statement, application or report may be made available to the public in accordance with the provisions of the Freedom of Information Act, as defined in section 1-200.

(d) Upon request and at such charges as provided for in the Freedom of Information Act, as defined in section 1-200, the commissioner shall furnish to any person photostatic or other copies, certified under the commissioner's seal of office if requested, of any entry in the register or any document which is a matter of public record or a certification that such public record does not exist. In any proceeding or prosecution under sections 36b-2 to 36b-34, inclusive, any copy so certified is prima facie evidence of the contents of the entry or document certified and a certificate by the commissioner of a record's nonexistence is prima facie evidence of the nonexistence of such record.

(P.A. 77-482, S. 33; P.A. 80-88, S. 10-12; P.A. 82-149, S. 15, 16; P.A. 83-368, S. 9, 11; P.A. 97-47, S. 37; P.A. 05-177, S. 12; P.A. 10-141, S. 27, 28.)

History: P.A. 80-88 specified in Subsec. (c) that making information public is to be in accordance with chapter 3 rather than "under such regulations as the commissioner prescribes" and in Subsec. (d) substituted charges provided for in chapter 3 for "reasonable" charges; P.A. 82-149 amended Subsec. (c) by adding the word "effective"; P.A. 83-368 made technical changes in Subsec. (a) by adding "or any other person designated in writing by the commissioner"; Sec. 36-501 transferred to Sec. 36b-32 in 1995; P.A. 97-47 amended Subsecs. (c) and (d) by substituting "the Freedom of Information Act, as defined in Sec. 1-18a" for "chapter 3"; P.A. 05-177 amended Subsec. (d) to authorize commissioner to furnish a certification that a public record requested under the Freedom of Information Act does not exist, to provide that in any proceeding or prosecution under Secs. 36b-2 to 36b-33, inclusive, a certificate by commissioner of a record's nonexistence is prima facie evidence of the nonexistence of such record, and to make a technical change for the purpose of gender neutrality; P.A. 10-141 amended Subsecs. (b) and (d) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-32a. Applicability of The Philanthropy Protection Act of 1995. (a) Section 6 of The Philanthropy Protection Act of 1995, 15 USC Section 80a-3a, shall not preempt the laws of this state that require registration or qualification of securities or require any person to register as or be subject to regulation as a broker-dealer, agent, investment adviser or investment adviser agent.

(b) The Philanthropy Protection Act of 1995, Public Law 104-62, shall not apply in any administrative or judicial action as a defense to any claim that any person,

security, interest, or participation of the type described in said act and the amendments made by said act is subject to the provisions of sections 36b-2 to 36b-34, inclusive.

(P.A. 98-162, S. 9; P.A. 10-141, S. 29.)

History: P.A. 10-141 amended Subsec. (b) by replacing reference to Sec. 36b-33 with reference to Sec. 36b-34, effective June 7, 2010.

Sec. 36b-33. (Formerly Sec. 36-502). Applicability of chapter to offers to buy or sell. Appointment of commissioner as attorney for process. (a) Sections 36b-4, 36b-5, 36b-6, 36b-16, 36b-24 and 36b-29 apply to persons who sell or offer to sell when an offer to sell is made in this state, or when an offer to buy is made and accepted in this state.

(b) Sections 36b-4, 36b-5, 36b-6 and 36b-24 apply to persons who buy or offer to buy when an offer to buy is made in this state, or when an offer to sell is made and accepted in this state.

(c) For the purpose of this section, an offer to sell or to buy is made in this state, whether or not either party is then present in this state, when the offer originates from this state or is directed by the offeror to this state and received at the place to which it is directed or at any post office in this state in the case of a mailed offer.

(d) For the purpose of this section, an offer to buy or to sell is accepted in this state when acceptance is communicated to the offeror in this state and has not previously been communicated to the offeror, orally or in writing, outside this state; and acceptance is communicated to the offeror in this state, whether or not either party is then present in this state, when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state and it is received at the place to which it is directed or any post office in this state in the case of a mailed acceptance.

(e) An offer to sell or to buy is not made in this state when the publisher circulates or there is circulated on the publisher's behalf in this state any bona fide newspaper or other publication of general, regular, and paid circulation which is not published in this state, or which is published in this state but has had more than two-thirds of its circulation outside this state during the past twelve months, or when a radio or television program or other electronic communication originating outside this state is received in this state. A radio or television program or other electronic communication is considered as having originated in this state if either the broadcast studio or the originating source of transmission is located in this state, unless: (1) The program or communication is syndicated and distributed from outside this state for redistribution to the general public in this state; (2) the program or communication is supplied by a radio, television or other electronic network with the electronic signal originating

from outside this state for redistribution to the general public in this state; (3) the program or communication is an electronic communication that originates outside this state and is captured for redistribution to the general public in this state by a community antenna or cable, radio, cable television or other electronic system; or (4) the program or communication consists of an electronic communication that originates in this state, but which is not intended for distribution to the general public in this state.

(f) Sections 36b-5, 36b-6, 36b-23 and 36b-24, so far as they apply to investment advisers and investment adviser agents, apply when any act instrumental in effecting prohibited conduct is done in this state, whether or not either party is then present in this state.

(g) Every applicant for registration under sections 36b-2 to 36b-34, inclusive, every investment adviser exempt under subsection (e) of section 36b-6, and every issuer, other than the United States, any state, Canada, any other foreign government with which the United States currently maintains diplomatic relations, or any issuer of covered securities under Section 18(b)(1) of the Securities Act of 1933, which proposes to offer a security in this state through any person acting on an agency basis in the common-law sense shall file with the commissioner, in such form as the commissioner by regulation prescribes, an irrevocable consent appointing the commissioner or the commissioner's successor in office to be his or her attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against him or her or his or her successor executor or administrator which arises under sections 36b-2 to 36b-34, inclusive, or any regulation or order thereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent. A person who has filed such a consent in connection with a previous registration need not file another. Service may be made by leaving a copy of the process in the office of the commissioner, but it is not effective unless (1) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail, return receipt requested, certified mail, return receipt requested, or any express delivery carrier that provides a dated delivery receipt, to the defendant or respondent at the defendant's or respondent's last address on file with the commissioner, and (2) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows.

(h) When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by sections 36b-2 to 36b-34, inclusive, or any regulation or order thereunder, and such person has not filed a consent to service of process under subsection (g) of this section and personal jurisdiction over such person

cannot otherwise be obtained in this state, that conduct shall be considered equivalent to such person's appointment of the commissioner or the commissioner's successor in office to be such person's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against such person or such person's successor executor or administrator which grows out of that conduct and which is brought under said sections or any regulation or order thereunder, with the same force and validity as if served on such person personally. Service may be made by leaving a copy of the process in the office of the commissioner, and it is not effective unless (1) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail, return receipt requested, certified mail, return receipt requested, or any express delivery carrier that provides a dated delivery receipt, to the defendant or respondent at the defendant's or respondent's last known address or takes other steps which are reasonably calculated to give actual notice, and (2) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows.

(i) Service pursuant to subsection (g) or (h) of this section may be made by the commissioner in an investigation or administrative proceeding in which the commissioner is the moving party.

(P.A. 77-482, S. 34; P.A. 83-368, S. 10, 11; P.A. 88-208, S. 5; P.A. 97-22, S. 5; 97-220, S. 14, 15; P.A. 01-48, S. 6; P.A. 05-177, S. 13; P.A. 10-141, S. 30; P.A. 14-7, S. 14, 15.)

History: P.A. 83-368 amended Subsec. (g) to except the United States, any state, Canada or any other foreign government with which this country maintains diplomatic relations from filing an irrevocable consent re service of process in any lawsuit; P.A. 88-208 amended Subsec. (f) by substituting the reference to Sec. 36-473 for 36-471 and added the reference to investment advisor agents; Sec. 36-502 transferred to Sec. 36b-33 in 1995; P.A. 97-22 made a technical change in Subsec. (h); P.A. 97-220 amended Subsec. (g) by adding references to investment advisers exempt under Subsec. (e) of Sec. 36b-6 and issuers of covered securities, effective July 1, 1997; P.A. 01-48 made technical changes for purposes of gender neutrality in Subsecs. (e), (g) and (h) and amended Subsecs. (g) and (h) by adding references to return receipt requested and express delivery; P.A. 05-177 amended Subsec. (e) to insert "or other electronic communication" re when an offer to sell or buy is not made in state and to provide that, with specified exceptions, a radio or television program or other electronic communication is considered as having originated in state if either the broadcast studio or originating source of transmission is located in state, amended Subsec. (f) to add reference to Sec. 36b-23, amended Subsecs. (g) and (h) to make technical changes, and added Subsec. (i) providing that service pursuant to Subsec. (g)

or (h) may be made by commissioner in proceeding in which commissioner is the moving party; P.A. 10-141 amended Subsecs. (g) and (h) by replacing references to Sec. 36b-33 with references to Sec. 36b-34, effective June 7, 2010; P.A. 14-7 amended Subsecs. (g)(1) and (h)(1) to add provisions re notice of service and copy of process to be sent by certified mail, return receipt requested and make technical changes.

Sec. 36b-34. Compliance with federal Currency and Foreign Transactions Reporting Act. Each broker-dealer shall comply with the applicable provisions of the Currency and Foreign Transactions Reporting Act, 31 USC Section 5311 et seq., as from time to time amended, and any regulations adopted thereunder, as from time to time amended.

(P.A. 03-259, S. 31.)

Secs. 36b-35 to 36b-39. Reserved for future use.