

Regulations of Connecticut State Agencies

TITLE 3. State Elective Officers

Agency

Office of the Treasurer

Subject

Disclosure of Third Party Fees—Compensation Related to Contracts for Investment Services

Inclusive Sections

§§ 3-13j-1—3-13j-4

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§3-13j-2

Disclosure of Third Party Fees—Compensation Related to Contracts for Investment Services

Sec. 3-13j-1. Definitions

As used in sections 3-13j-1 to 3-13j-5, inclusive of the Regulations of Connecticut State Agencies:

(a) “Finder’s Fee” shall have the meaning as provided in Section 3-13l(b)(1) of the Connecticut General Statutes;

(b) “Investment services” shall have the meaning as provided in section 9-333n of the Connecticut General Statutes.

(c) “Third party fees” shall have the meaning as provided in Section 3-13j(c) of the Connecticut General Statutes; and

(d) “Treasurer” means the Treasurer of the State of Connecticut.

(Adopted effective July 5, 2002)

Sec. 3-13j-2. Disclosure of third party fees

(a) Any person or entity who would be a party to a contract for investment services with the Office of the Treasurer shall disclose to the Treasurer, in writing, all third party fees attributable to such contract before any such contract may take effect.

(b) Any person or entity who is a party to a contract for investment services with the Office of the Treasurer shall disclose to the Treasurer, in writing, all third party fees attributable to such contract.

(c) Such disclosure shall be made annually, and in accordance with the provisions of subsection (d), (e) and (f) of this section, to the Treasurer by firms seeking to provide investment services and shall be in a sworn affidavit in substantially the following form:

State of _____)

) SS:

County of _____)

I, _____, a duly authorized officer and/or representative of _____, being duly sworn, hereby depose and say that:
(firm name)

1. I am over eighteen (18) years of age and believe in the obligations of an oath.
2. _____ (firm name) seeks to enter into a contract for investment services with the Office of the Treasurer (the “Contract”).
3. All third party fees and agreements to pay third party fees attributable to the Contract are as follows:

| Name of Third Party | Date and Dollar | Fee Arrangement | Specific Services |
|---------------------|-----------------|-----------------|-------------------|
| | | | |

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Office of the Treasurer

| | Amount or Value of Non-Cash Compensation Paid or Attributable to Contract | | performed or to be Performed By Payee ¹ |
|--|---|--|--|
| | | | |
| | | | |
| | | | |

¹ Where a provider of investment services describes in its affidavit the specific services performed by a third party payee, the provider of investment services shall disclose any and all contracts evidencing the terms of the fee arrangement and services.

(Attach additional copies of this page as necessary.)

4. The information set forth herein is true, complete and accurate to the best of my knowledge and belief under penalty of perjury.

Signed: _____

Name: _____

Title: _____

Subscribed and sworn to before me this ____ day of _____, 2002

Notary Public/Commissioner of the Superior Court

(d) Where a provider of investment services discloses the payment of third party fees and/or agreements to pay third party fees, such provider shall explain how said payments and/or agreements fall within one or more of the following exceptions to the ban on finder's fees (as more fully set forth in Section 3-13 of the Connecticut General Statutes and regulations thereto):

(1) Compensation earned for the rendering of legal services when provided by an attorney while engaged in the ongoing practice of law;

(2) Compensation earned for the rendering of investment services, other than legal services, when provided by an investment professional while engaged in the ongoing business of providing investment services;

(3) Compensation for placement agent, due diligence or comparable tangible marketing services when paid to a person who is an investment professional (i) engaged in the ongoing

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business of representing

(4) providers of investment services, or (ii) in connection with the issuance of bonds, notes or other evidence of indebtedness by a public agency;

(5) Compensation earned by a licensed Real Estate Broker or Real Estate Salesperson while engaging in the real estate business on an ongoing basis; or

(6) Payments for client solicitation activities meeting the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

(e) Where a provider of investment services describes in its affidavit the specific services performed by a third party payee, the provider of investment services shall disclose any and all contracts evidencing the terms of the fee arrangement and services.

(f) During the contract term for investment services provided to the Office of the State Treasurer, a provider of investment services has a continuing duty to disclose third party fees, in writing, within sixty (60) days upon any change to a prior disclosure.

(Adopted effective July 5, 2002)

Sec. 3-13j-3. Public inspection of disclosures

Information disclosed in accordance with section 3-13j-2 of the Regulations of Connecticut State Agencies shall be made available for public inspection in accordance with the Freedom of Information Act, as defined in section 1-200 of the Connecticut General Statutes.

(Adopted effective July 5, 2002)

Sec. 3-13j-4. Effective date

These regulations shall become effective on July 5, 2002.

(Adopted effective July 5, 2002)