

Sec. 36b-31-6e. Private securities transactions by broker-dealer agents

(a) As used in this section, (1) “private securities transaction” means any securities transaction outside the regular course or scope of an agent’s employment with a broker-dealer, including but not limited to, new offerings of securities which are not registered with the commissioner; provided, transactions executed through another broker-dealer in accordance with Article III, Section 28 of the National Association of Securities Dealers, Inc. Rules of Fair Practice, transactions among immediate family members for which no agent receives any selling compensation, and personal transactions in investment company securities and variable annuities shall be excluded, and (2) “selling compensation” means any compensation paid directly or indirectly from whatever source in connection with or as a result of the purchase or sale of a security, including but not limited to, commissions, finder’s fees, securities and rights to acquire securities, rights of participation in profits, tax benefits, and dissolution proceeds, as a general partner and otherwise, or expense reimbursements.

(b) No agent of a broker-dealer shall participate in any manner in a private securities transaction except in accordance with this section.

(c) Before participating in any private securities transaction, an agent shall provide written notice to the broker-dealer by whom he is employed describing in detail the proposed transaction and his proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided, in the case of a series of related transactions in which no selling compensation has been or will be received, an agent may provide a single written notice.

(d) In the case of a transaction in which the agent has received or may receive selling compensation, a broker-dealer which has received notice pursuant to subsection (c) of this section shall advise the agent in writing concerning whether the broker-dealer approves or disapproves of the agent’s participation in the proposed transaction. If the broker-dealer approves the agent’s participation in the transaction, the transaction shall be recorded on the books and records of the broker-dealer and the broker-dealer shall supervise the agent’s participation in the transaction as if the transaction were executed on behalf of the broker-dealer. If the broker-dealer disapproves the agent’s participation, the agent shall not participate in the transaction in any manner, directly or indirectly.

(e) A copy of the notice and written statement required by subsections (c) and (d) of this section shall be maintained at the office of the broker-dealer from which the agent conducts activities on behalf of the broker-dealer and shall be open to inspection by the commissioner.

(Effective August 22, 1994; Transferred July 3, 1995)