



Rep. Edgar González, Jr.

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LRB104 04637 BAB 25026 a

1 AMENDMENT TO HOUSE BILL 742

2 AMENDMENT NO. _____. Amend House Bill 742 by replacing
3 everything after the enacting clause with the following:

4 "Article 1. General Provisions

5 Section 1-1. Short title. This Act may be cited as the
6 Digital Assets and Consumer Protection Act.

7 Section 1-5. Definitions.

8 (a) As used in this Act:

9 "Affiliate" means any person that controls, is controlled
10 by, or is under common control with another person. For
11 purposes of this definition, "control" means the possession,
12 direct or indirect, of the power to direct or cause the
13 direction of the management and policies of a person.

14 "Applicant" means a person that applies for registration
15 under this Act.

1 "Bank" means a bank, savings banks, savings and loan
2 association, savings association, or industrial loan company
3 chartered under the laws of this State or any other state or
4 under the laws of the United States.

5 "Confidential supervisory information" means information
6 or documents obtained by employees, agents, or representatives
7 of the Department in the course of any examination,
8 investigation, audit, visit, registration, certification,
9 review, licensing, or any other regulatory or supervisory
10 activity pursuant to this Act, and any record prepared or
11 obtained by the Department to the extent that the record
12 summarizes or contains information derived from any report,
13 document, or record described in this Act.

14 "Conflict of interest" means an interest that might
15 incline a covered person or an individual who is an associated
16 person of a covered person to make a recommendation that is not
17 disinterested.

18 "Corporate fiduciary" shall mean a corporate fiduciary as
19 defined by Section 1-5.05 of the Corporate Fiduciary Act.

20 "Covered person" means a registrant or person required to
21 register pursuant to this Act.

22 "Covered exchange" means a covered person that exchanges
23 or holds itself out as being able to exchange a digital asset
24 for a resident.

25 "Credit union" means a credit union chartered under the
26 laws of this State or any other state or under the laws of the

1 United States.

2 "Department" means the Department of Financial and
3 Professional Regulation.

4 "Digital asset" means a digital representation of value
5 that is used as a medium of exchange, unit of account, or store
6 of value, and that is not fiat currency, whether or not
7 denominated in fiat currency. "Digital asset" does not include
8 any of the following:

9 (1) A digital representation of value which a merchant
10 grants, as part of an affinity or rewards program, and
11 that cannot be taken from or exchanged with the merchant
12 for fiat currency or a digital asset.

13 (2) A digital representation of value that is issued
14 by or on behalf of a game publisher, used solely within a
15 gaming platform, has no market or application outside of
16 such gaming platform, and cannot be converted into, or
17 redeemed for, fiat currency or digital assets.

18 (3) A digital representation of value that is used as
19 part of prepaid cards.

20 "Digital asset administration" means controlling,
21 administering, or issuing a digital asset. "Digital asset
22 administration" does not include the issuance of a
23 non-fungible token in and of itself.

24 "Digital asset business activity" means any of the
25 following:

26 (1) Exchanging, transferring, or storing a digital

1 asset.

2 (2) Engaging in digital asset administration.

3 (3) Any other business activity involving digital
4 assets designated by rule by the Department as may be
5 necessary and appropriate for the protection of residents.

6 "Digital asset business activity" does not include (1)
7 peer-to-peer exchanges or transfers of digital assets, (2)
8 decentralized exchanges facilitating peer-to-peer exchanges or
9 transfers solely through use of a computer program or a
10 transaction protocol that is intended to automatically
11 execute, control, or document events and actions, and (3) the
12 development and dissemination of software in and of itself.

13 "Exchange", when used as a verb, means to exchange, buy,
14 sell, trade, or convert, on behalf of a resident, either of the
15 following:

16 (1) A digital asset for fiat currency or one or more
17 forms of digital assets.

18 (2) Fiat currency for one or more forms of digital
19 assets.

20 "Exchange" does not include buying, selling, or trading
21 digital assets for a person's own account in a principal
22 capacity.

23 "Executive officer" includes, without limitation, an
24 individual who is a director, officer, manager, managing
25 member, partner, or trustee, or other functionally equivalent
26 responsible individual, of a person.

1 "Federally insured depository institution" shall mean an
2 insured depository institution as defined by Section 3(c)(2)
3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c)(2), as
4 amended, or an insured credit union as defined by Section
5 101(7) of the Federal Credit Union Act, 12 U.S.C. 1752(7), as
6 amended.

7 "Fiat currency" means a medium of exchange or unit of
8 value issued by the United States or a foreign government and
9 that is designated as legal tender in its country of issuance.

10 "Insolvent" means any of the following:

11 (1) Having generally ceased to pay debts in the
12 ordinary course of business other than as a result of a
13 bona fide dispute.

14 (2) Being unable to pay debts as they become due.

15 (3) Being insolvent within the meaning of federal
16 bankruptcy law.

17 "Non-fungible token" means any unique digital identifier
18 on any blockchain or digital asset network used to certify
19 authenticity and ownership rights that is not readily
20 exchangeable or replaceable with a mutually interchangeable
21 digital asset of the same value. The Department may modify
22 this definition by rule.

23 "Person" includes, without limitation, any individual,
24 corporation, business trust, estate, trust, partnership,
25 proprietorship, syndicate, limited liability company,
26 association, joint venture, government, governmental

1 subsection, agency or instrumentality, public corporation or
2 joint stock company, or any other organization or legal or
3 commercial entity.

4 "Prepaid card" means an electronic payment device that,
5 subject to any rules adopted by the Department:

6 (1) is usable at a single merchant or an affiliated
7 group of merchants that share the same name, mark, or
8 logo, or is usable at multiple, unaffiliated merchants or
9 service providers;

10 (2) is issued in and for a specified amount of fiat
11 currency;

12 (3) can be reloaded in and for only fiat currency, if
13 at all;

14 (4) is issued or reloaded on a prepaid basis for the
15 future purchase or delivery of goods or services;

16 (5) is honored upon presentation;

17 (6) can be redeemed in and for only fiat currency, if
18 at all;

19 (7) is governed by the Uniform Money Transmission
20 Modernization Act; and

21 (8) complies with any other condition designated by
22 rule by the Department as may be necessary and appropriate
23 for the protection of residents.

24 "Qualified custodian" means a bank, credit union, or trust
25 company, subject to any rules adopted by the Department.

26 "Record" means information that is inscribed on a tangible

1 medium or that is stored in an electronic or other medium and
2 is retrievable in perceivable form.

3 "Registrant" means a person registered under this Act.

4 "Resident" means any of the following:

5 (1) A person who is domiciled in this State.

6 (2) A person who is physically located in this State
7 for more than 183 days of the previous 365 days.

8 (3) A person who has a place of business in this State.

9 (4) A legal representative of a person that is
10 domiciled in this State.

11 "Request for assistance" means all inquiries, complaints,
12 account disputes, and requests for documentation a covered
13 person receives from residents.

14 "Responsible individual" means an individual who has
15 direct control over, or significant management, policy, or
16 decision-making authority with respect to, a person's digital
17 asset business activity in this State.

18 "Secretary" means the Secretary of Financial and
19 Professional Regulation and any authorized representative of
20 the Secretary.

21 "Service provider" means any person that provides a
22 material service to a covered person in connection with the
23 offering or provision by that covered person of a digital
24 asset business activity in this State, including a person that
25 either:

26 (1) Participates in designing, operating, or

1 maintaining the digital asset business activity.

2 (2) Processes transactions relating to the digital
3 asset business activity, other than unknowingly or
4 incidentally transmitting or processing financial data in
5 a manner that the data is undifferentiated from other
6 types of data of the same form as the person transmits or
7 processes.

8 "State" means a state of the United States, the District
9 of Columbia, Puerto Rico, the United States Virgin Islands, or
10 any territory or insular possession subject to the
11 jurisdiction of the United States.

12 "Store," "storage", and "storing", except in the phrase
13 "store of value," means to store, hold, or maintain custody or
14 control of a digital asset on behalf of a resident by a person
15 other than the resident.

16 "Transfer" means to transfer or transmit a digital asset
17 on behalf of a resident, including by doing any of the
18 following:

19 (1) Crediting the digital asset to the account or
20 storage of another person.

21 (2) Moving the digital asset from one account or
22 storage of a resident to another account or storage of the
23 same resident.

24 (3) Relinquishing custody or control of a digital
25 asset to another person.

26 "United States dollar equivalent of digital assets" means

1 the equivalent value of a particular digital asset in United
2 States dollars shown on a covered exchange regulated in the
3 United States for a particular date or period specified in
4 this Act, subject to any rules adopted by the Department.

5 (b) Whenever the terms "include", "including" or terms of
6 similar import appear in this Act, unless the context requires
7 otherwise, such terms shall not be construed to imply the
8 exclusion of any person, class, or thing not specifically
9 included.

10 (c) A reference in this Act to any other law or statute of
11 this State, or of any other jurisdiction, means such law or
12 statute as amended to the effective date of this Act, and
13 unless the context otherwise requires, as amended thereafter.

14 (d) Any reference to this Act shall include any rules
15 adopted in accordance with this Act.

16 Section 1-10. Applicability.

17 (a) This Act governs the digital asset business activity
18 of a person doing business in this State or, wherever located,
19 who engages in or holds itself out as engaging in the activity
20 with or on behalf of a resident, to the extent not preempted by
21 federal law and except as otherwise provided in subsections
22 (b), (c), (d), or (e).

23 (b) (1) This Act does not apply to the exchange, transfer,
24 or storage of a digital asset or to digital asset
25 administration to the extent that:

1 (A) the Securities Exchange Act of 1934, 15 U.S.C.
2 78a et seq., or the Illinois Securities Law of 1953
3 govern the activity as a security transaction and the
4 activity is regulated by the U.S. Securities and
5 Exchange Commission or the Illinois Secretary of
6 State; or

7 (B) the Commodity Exchange Act, 7 U.S.C. 1 et
8 seq., governs the activity, the activity is in
9 connection with trading of a contract of sale of a
10 commodity for future delivery, an option on such a
11 contract or a swap, and the activity is regulated by
12 the U.S. Commodity Futures Trading Commission.

13 (2) This subsection shall be construed in a manner
14 consistent with affording the greatest protection to
15 residents and the Department's authority under subsection
16 (a) of Section 1-15 to exercise nonexclusive oversight and
17 enforcement under any federal law applicable to digital
18 asset business activity. This subsection shall not be
19 construed to exempt an activity solely because a financial
20 regulatory agency has anti-fraud and anti-manipulation
21 enforcement authority over the activity.

22 (c) This Act does not apply to the following persons:

23 (1) The United States, a State, political subdivision
24 of a State, agency, or instrumentality of federal, State,
25 or local government, or a foreign government or a
26 subdivision, department, agency, or instrumentality of a

1 foreign government.

2 (2) A federally insured depository institution.

3 (3) A corporate fiduciary acting as a fiduciary or
4 otherwise engaging in fiduciary activities.

5 (4) A merchant using digital assets solely for the
6 purchase or sale of goods or services, excluding the sale
7 of purchase of digital assets, in the ordinary course of
8 its business.

9 (5) A person using digital assets solely for the
10 purchase or sale of goods or services for his or her own
11 personal, family, or household purposes.

12 (6) A credit union with member share accounts insured
13 by an insurer approved by the credit union's primary
14 financial regulatory agency. An out-of-state credit union
15 may not conduct any activity in this State that is not
16 authorized for a credit union chartered under the laws of
17 this State.

18 Nothing in this Act grants persons described in this
19 subsection (c) authority to engage in any activity not
20 otherwise granted under existing law.

21 (d) The Department may by rule or order clarify whether an
22 activity is governed under this Act or another Act that
23 governs money transmission. This subsection (d) shall not be
24 applied in a manner inconsistent with the protection of
25 residents.

26 (e) Notwithstanding any other provision of this Act, the

1 Department, by rule or order, may conditionally or
2 unconditionally exempt any person, digital asset, or
3 transaction, or any class or classes of persons, digital
4 assets, or transactions, from any provision of this Act or of
5 any rule thereunder, to the extent that the exemption is
6 necessary or appropriate, in the public interest, and
7 consistent with the protection of residents.

8 Section 1-15. General powers and duties.

9 (a) The Department shall regulate digital asset business
10 activity in this State, unless it is exempt pursuant to
11 Section 1-10. To the extent permissible under federal law, the
12 Department shall exercise nonexclusive oversight and
13 enforcement under any federal law applicable to digital asset
14 business activity.

15 (b) The functions, powers, and duties conferred upon the
16 Department by this Act are cumulative to any other functions,
17 powers, and duties conferred upon the Department by other laws
18 applicable to digital asset business activity.

19 (c) The Department shall have the following functions,
20 powers, and duties in carrying out its responsibilities under
21 this Act and any other law applicable to digital asset
22 business activity in this State:

23 (1) to issue or refuse to issue any registration or
24 other authorization under this Act;

25 (2) to revoke or suspend for cause any registration or

1 other authorization under this Act;

2 (3) to keep records of all registrations or other
3 authorizations under this Act;

4 (4) to receive, consider, investigate, and act upon
5 complaints made by any person relating to any digital
6 asset business activity in this State;

7 (5) to prescribe the forms of and receive:

8 (A) applications for registrations or other
9 authorizations under this Act; and

10 (B) all reports and all books and records required
11 to be made under this Act;

12 (6) to subpoena documents and witnesses and compel
13 their attendance and production, to administer oaths, and
14 to require the production of any books, papers, or other
15 materials relevant to any inquiry authorized by this Act
16 or other law applicable to digital asset business activity
17 in this State;

18 (7) to issue orders against any person:

19 (A) if the Secretary has reasonable cause to
20 believe that an unsafe, unsound, or unlawful practice
21 has occurred, is occurring, or is about to occur;

22 (B) if any person has violated, is violating, or
23 is about to violate any law, rule, or written
24 agreement with the Secretary; or

25 (C) for the purpose of administering the
26 provisions of this Act or other law applicable to

1 digital asset business activity and any rule adopted
2 in accordance with this Act or other law applicable to
3 digital asset business activity;

4 (8) to address any inquiries to any covered person, or
5 the directors, officers, or employees of the covered
6 person, or the affiliates or service providers of the
7 covered person, in relation to the covered person's
8 activities and conditions or any other matter connected
9 with its affairs, and it shall be the duty of any person so
10 addressed to promptly reply in writing to those inquiries;
11 the Secretary may also require reports from any covered
12 person at any time the Secretary chooses;

13 (9) to examine the books and records of every covered
14 person, affiliate, or service provider;

15 (10) to enforce the provisions of this Act and any
16 state or federal law applicable to digital asset business
17 activity;

18 (11) to levy fees, fines, and civil penalties, charges
19 for services, and assessments to defray operating
20 expenses, including direct and indirect costs, of
21 administering this Act and other laws applicable to
22 digital asset business activity;

23 (12) to appoint examiners, supervisors, experts, and
24 special assistants as needed to effectively and
25 efficiently administer this Act and other laws applicable
26 to digital asset business activity;

1 (13) to conduct hearings for the purpose of carrying
2 out the purposes of this Act;

3 (14) to exercise visitorial power over a covered
4 person, affiliate, or service provider;

5 (15) to enter into cooperative agreements with federal
6 and state regulatory authorities and to accept reports of
7 examinations from federal and state regulatory
8 authorities;

9 (16) to assign on an emergency basis an examiner or
10 examiners to monitor the affairs of a covered person,
11 affiliate, or service provider with whatever frequency the
12 Secretary determines appropriate and to charge the covered
13 person for reasonable and necessary expenses of the
14 Secretary if in the opinion of the Secretary an emergency
15 exists or appears likely to occur;

16 (17) to impose civil penalties against a covered
17 person, affiliate, or service provider for failing to
18 respond to a regulatory request or reporting requirement;
19 and

20 (18) to conduct investigations, market surveillance,
21 and research, studies, and analyses of matters affecting
22 the interests of users of digital assets;

23 (19) to take such actions as the Secretary deems
24 necessary to educate and protect users of digital assets;

25 (20) to develop and implement initiatives and programs
26 to promote responsible innovation in digital asset

1 business activity; and

2 (21) to perform any other lawful acts necessary or
3 desirable to carry out the purposes and provisions of this
4 Act and other laws applicable to digital asset business
5 activity.

6 (d) The Department may share any information obtained
7 pursuant to this Act or any other law applicable to digital
8 asset business activity with law enforcement officials or
9 other regulatory agencies.

10 Section 1-20. Funds.

11 (a) All moneys collected or received by the Department
12 under this Act shall be deposited into the Consumer Protection
13 Fund, which is hereby created as a special fund in the State
14 treasury. The amounts deposited into the Consumer Protection
15 Fund shall be used for the ordinary and contingent expenses of
16 the Department in administering this Act and other financial
17 laws; nothing in this Act shall prevent the continuation of
18 the practice of paying expenses involving salaries,
19 retirement, social security, and State-paid insurance of State
20 officers and employees by appropriation from the General
21 Revenue Fund or any other fund. Moneys deposited into the
22 Consumer Protection Fund may be transferred to the Professions
23 Indirect Cost Fund or any other Department fund.

24 (b) The expenses of administering this Act, including
25 investigations and examinations provided for in this Act,

1 shall be borne by and assessed against persons regulated by
2 this Act. The Department may establish fees by rule, including
3 in the following categories:

4 (1) investigation of registrants and registration
5 applicant fees;

6 (2) examination fees;

7 (3) contingent fees; and

8 (4) such other categories as may be required to
9 administer this Act.

10 (c) The Department shall charge and collect fees from
11 covered persons, which shall be nonrefundable unless otherwise
12 indicated, for the expenses of administering this Act as
13 follows:

14 (1) Each covered person shall pay \$150 for each hour
15 or part of an hour for each examiner or staff assigned to
16 the supervision of the covered person plus actual travel
17 costs for any examination of digital asset business
18 activity pursuant to the Act.

19 (2) Each covered person shall pay to the Department
20 its pro rata share of the cost for administration of this
21 Act that exceeds other fees listed in this Act, as
22 estimated by the Department, for the current year and any
23 deficit actually incurred in the administration of the Act
24 in prior years. The total annual assessment for all
25 registrants shall initially be divided into a
26 transaction-based assessment and a custody-based

1 assessment, each equal to approximately half the cost for
2 administration of this Act. Each registrant's pro rata
3 share of the transaction-based assessment shall be the
4 percentage that the total volume of digital asset
5 transactions conducted on behalf of residents by the
6 registrant bears to the total volume of digital asset
7 transactions by all registrants in Illinois. Each
8 registrant's pro rata share of the custody-based
9 assessment shall be the percentage that the total United
10 States dollar value of digital assets held in custody or
11 controlled by the registrant for residents bears to the
12 total United States dollar value held in custody or
13 controlled by all registrants in Illinois for residents.

14 (3) Beginning one year after the effective date of
15 this Act, the Department may, by rule, amend the fees set
16 forth in this subsection in accordance with this Act. The
17 Department is authorized to consider setting fees for
18 digital asset business activity based on the value of
19 digital assets transacted by covered persons, volume of
20 digital assets transacted by covered persons, the value of
21 digital assets held in custody by covered person, and the
22 volume of digital assets held in custody by covered
23 persons.

1 Section 5-5. Customer disclosures.

2 (a) When engaging in digital asset business activity with
3 a resident, a covered person shall provide to a resident the
4 customer disclosures required by subsection (b) and any
5 additional disclosures the Department by rule determines to be
6 necessary and appropriate for the protection of residents. The
7 Department may determine by rule the time and form required
8 for disclosures. A disclosure required by this Section shall
9 be made separately from any other information provided by the
10 covered person and in a clear and conspicuous manner in a
11 record the resident may keep.

12 (b) Before engaging in digital asset business activity
13 with a resident, a covered person shall disclose, to the
14 extent applicable to the digital asset business activity the
15 covered person will undertake with the resident, subject to
16 any rule or order issued by the Department, all of the
17 following:

18 (1) A schedule of fees and charges the covered person
19 may assess, the manner by which fees and charges will be
20 calculated if they are not set in advance and disclosed,
21 and the timing of the fees and charges.

22 (2) Whether the product or service provided by the
23 covered person is covered by either of the following:

24 (A) A form of insurance or other guarantee against
25 loss by an agency of the United States as follows:

26 (i) Up to the full United States dollar

1 equivalent of digital assets placed under the
2 custody or control of, or purchased from, the
3 covered person as of the date of the placement or
4 purchase, including the maximum amount provided by
5 insurance under the Federal Deposit Insurance
6 Corporation or National Credit Union
7 Administration or otherwise available from the
8 Securities Investor Protection Corporation.

9 (ii) If not provided at the full United States
10 dollar equivalent of the digital assets placed
11 under the custody or control of or purchased from
12 the covered person, the maximum amount of coverage
13 for each resident expressed in the United States
14 dollar equivalent of the digital asset.

15 (iii) If not applicable to the product or
16 service provided by the covered person, a clear
17 and conspicuous statement that the product is not
18 insured, as applicable, by the Federal Deposit
19 Insurance Corporation, National Credit Union
20 Administration, or the Securities Investor
21 Protection Corporation.

22 (B) (i) Private insurance against loss or theft,
23 including cybertheft or theft by other means.

24 (ii) A covered person shall disclose the terms
25 of the insurance policy to the resident in a
26 manner that allows the resident to understand the

1 specific insured risks that may result in partial
2 coverage of the resident's assets.

3 (3) The irrevocability of a transfer or exchange and
4 any exception to irrevocability.

5 (4) A description of all of the following:

6 (A) The covered person's liability for an
7 unauthorized, mistaken, or accidental transfer or
8 exchange.

9 (B) The resident's responsibility to provide
10 notice to the covered person of an unauthorized,
11 mistaken, or accidental transfer or exchange.

12 (C) The basis for any recovery by the resident
13 from the covered person in case of an unauthorized,
14 mistaken, or accidental transfer or exchange.

15 (D) General error resolution rights applicable to
16 an unauthorized, mistaken, or accidental transfer or
17 exchange.

18 (E) The method for the resident to update the
19 resident's contact information with the covered
20 person.

21 (5) That the date or time when the transfer or
22 exchange is made and the resident's account is debited may
23 differ from the date or time when the resident initiates
24 the instruction to make the transfer or exchange.

25 (6) Whether the resident has a right to stop a
26 preauthorized payment or revoke authorization for a

1 transfer and the procedure to initiate a stop-payment
2 order or revoke authorization for a subsequent transfer.

3 (7) The resident's right to receive a receipt, trade
4 ticket, or other evidence of the transfer or exchange.

5 (8) The resident's right to at least 14 days' prior
6 notice of a change in the covered person's fee schedule,
7 other terms and conditions that have a material impact on
8 digital asset business activity with the resident, or the
9 policies applicable to the resident's account.

10 (9) That no digital asset is currently recognized as
11 legal tender by the State of Illinois or the United
12 States.

13 (10) (A) A list of instances in the past 12 months when
14 the covered person's service was unavailable to customers
15 seeking to engage in digital asset business activity due
16 to a service outage on the part of the covered person and
17 the causes of each identified service outage.

18 (B) As part of the disclosure required by this
19 paragraph, the covered person may list any steps the
20 covered person has taken to resolve underlying causes
21 for those outages.

22 (11) A disclosure, provided separately from the
23 disclosures provided pursuant to paragraphs (1) to (10) of
24 this subsection and written prominently in bold type, that
25 the State of Illinois has not approved or endorsed any
26 digital assets or determined if this customer disclosure

1 is truthful or complete.

2 (c) Except as otherwise provided in subsection (d), at the
3 conclusion of a digital asset transaction with, or on behalf
4 of, a resident, a covered person shall provide the resident a
5 confirmation in a record which contains all of the following:

6 (1) The name and contact information of the covered
7 person, including the toll-free telephone number required
8 under Section 5-20.

9 (2) The type, value, date, precise time, and amount of
10 the transaction.

11 (3) The fee charged for the transaction, including any
12 charge for conversion of a digital asset to fiat currency
13 or other digital asset, as well as any indirect charges.

14 (d) If a covered person discloses that it will provide a
15 daily confirmation in the initial disclosure under subsection
16 (c), the covered person may elect to provide a single, daily
17 confirmation for all transactions with or on behalf of a
18 resident on that day instead of a per transaction
19 confirmation.

20 Section 5-10. Custody and protection of customer assets.

21 (a) A covered person that stores, holds, or maintains
22 custody or control of a digital asset for one or more persons
23 shall:

24 (1) at all times maintain an amount of each type of
25 digital asset sufficient to satisfy the aggregate

1 entitlements of the persons to the type of digital asset;

2 (2) segregate such digital assets from the other
3 assets of the covered person; and

4 (3) not sell, transfer, assign, lend, hypothecate,
5 pledge, or otherwise use or encumber such digital assets,
6 except for the sale, transfer, or assignment of such
7 digital assets at the direction of such other persons.

8 (b) If a covered person violates subsection (a), then the
9 property interests of the persons in the digital asset are pro
10 rata property interests in the type of digital asset to which
11 the persons are entitled without regard to the time the
12 persons became entitled to the digital asset or the covered
13 person obtained control of the digital asset.

14 (c) A digital asset subject to this Section is:

15 (1) held for the persons entitled to the digital asset
16 under subsection (a);

17 (2) not the property of the covered person; and

18 (3) not subject to the claims of creditors of the
19 covered person.

20 (d) Digital assets subject to this Section, even if
21 commingled with other assets of the covered person, are held
22 in trust for the benefit of the persons entitled to the digital
23 assets under subsection (a), in the event of insolvency, the
24 filing of a petition by or against the covered person under the
25 United States Bankruptcy Code (11 U.S.C. 101 et seq.) for
26 bankruptcy or reorganization, the filing of a petition by or

1 against the covered person for receivership, the commencement
2 of any other judicial or administrative proceeding for its
3 dissolution or reorganization, or an action by a creditor
4 against the covered person who is not a beneficiary of this
5 statutory trust. No digital asset impressed with a trust
6 pursuant to this subsection shall be subject to attachment,
7 levy of execution, or sequestration by order of any court,
8 except for a beneficiary of this statutory trust.

9 (e) The Department may adopt rules applicable to covered
10 persons related to additional protections of customer assets,
11 including, but not limited to:

12 (1) rules requiring that digital assets and funds
13 controlled by the covered person on behalf of residents be
14 held in accounts segregated from the covered person's own
15 digital assets and funds;

16 (2) rules related to qualified custodians that may
17 hold such segregated accounts;

18 (3) rules related to titling of such segregated
19 accounts;

20 (4) rules related to audit requirements for customer
21 assets;

22 (5) rules requiring compliance with specific
23 provisions of the Uniform Commercial Code applicable to
24 digital assets;

25 (6) rules restricting selling, transferring,
26 assigning, lending, hypothecating, pledging, or otherwise

1 using or encumbering customer assets; and

2 (7) any rules as may be as may be necessary and
3 appropriate for the protection of residents or necessary
4 to effectuate the purposes of this Section.

5 Section 5-15. Covered exchanges.

6 (a) (1) Except as provided for under paragraph (2) of this
7 subsection, a covered exchange, before listing or offering a
8 digital asset that the covered exchange can exchange on behalf
9 of a resident, shall certify on a form provided by the
10 Department that the covered exchange has done the following:

11 (A) Identified the risk that the digital asset would
12 be deemed a security by federal or state regulators.

13 (B) Provided, in writing, full and fair disclosure of
14 all material facts relating to conflicts of interest that
15 are associated with the covered exchange and the digital
16 asset.

17 (C) Conducted a comprehensive risk assessment designed
18 to ensure consumers are adequately protected from
19 cybersecurity risk, risk of malfeasance, including theft,
20 risks related to code or protocol defects, market-related
21 risks, including price manipulation and fraud, and any
22 other material risks.

23 (D) Established policies and procedures to reevaluate
24 the appropriateness of the continued listing or offering
25 of the digital asset, including an evaluation of whether

1 material changes have occurred.

2 (E) Established policies and procedures to cease
3 listing or offering the digital asset, including
4 notification to affected consumers and counterparties.

5 (F) Any other requirement designated by rule by the
6 Department as may be necessary and appropriate for the
7 protection of residents.

8 (2) Certification by a covered exchange shall not be
9 required for any digital asset approved for listing on or
10 before the effective date of this Act by the New York
11 Department of Financial Services pursuant to Part 200 of Title
12 23 of the New York Code of Rules and Regulations, if the
13 covered exchange provides notification to the Department on a
14 form provided by the Department.

15 (3) After a finding that a covered exchange has listed or
16 offered a digital asset without appropriate certification or
17 after a finding that misrepresentations were made in the
18 certification process, the Department may require the covered
19 exchange to cease listing or offering the digital asset and
20 may take an enforcement action under Section 20-50 of this
21 Act.

22 (b)(1) A covered exchange shall make every effort to
23 execute a resident's request to exchange a digital asset that
24 the covered exchange receives fully and promptly.

25 (2)(A) A covered exchange shall use reasonable diligence
26 to ensure that the outcome to the resident is as favorable as

1 possible under prevailing market conditions. Compliance with
2 this paragraph shall be determined by factors, including, but
3 not limited to, all of the following:

4 (i) The character of the market for the digital asset,
5 including price and volatility.

6 (ii) The size and type of transaction.

7 (iii) The number of markets checked.

8 (iv) Accessibility of appropriate pricing.

9 (v) Any other factor designated by rule by the
10 Department as may be necessary and appropriate for the
11 protection of residents.

12 (B) At least once every 6 months, a covered exchange shall
13 review aggregated trading records of residents against
14 benchmarks to determine execution quality, investigate the
15 causes of any variance, and promptly take action to remedy
16 issues identified in that review.

17 (3) In a transaction for or with a resident, the covered
18 exchange shall not interject a third party between the covered
19 exchange and the best market for the digital asset in a manner
20 inconsistent with this subsection.

21 (4) If a covered exchange cannot execute directly with a
22 market and employs other means in order to ensure an execution
23 advantageous to the resident, the burden of showing the
24 acceptable circumstances for doing so is on the covered
25 exchange.

1 Section 5-20. Customer service; requests for assistance.

2 (a) A covered person shall prominently display on its
3 internet website a toll-free telephone number through which a
4 resident can contact the covered person for requests for
5 assistance and receive live customer assistance, subject to
6 any rules adopted by the Department.

7 (b) A covered person shall implement reasonable policies
8 and procedures for accepting, processing, investigating, and
9 responding to requests for assistance in a timely and
10 effective manner. Such policies and procedures shall include
11 all of the following:

12 (1) A procedure for resolving disputes between the
13 covered person and a resident.

14 (2) A procedure for a resident to report an
15 unauthorized, mistaken, or accidental digital asset
16 business activity transaction.

17 (3) A procedure for a resident to file a complaint
18 with the covered person and for the resolution of the
19 complaint in a fair and timely manner with notice to the
20 resident as soon as reasonably practical of the resolution
21 and the reasons for the resolution.

22 (4) Any other procedure designated by rule by the
23 Department as may be necessary and appropriate for the
24 protection of residents.

25 Section 5-25. Collection of compensation. Unless exempt

1 from registration under this Act, no person engaged in or
2 offering to engage in any act or service for which a
3 registration under this Act is required may bring or maintain
4 any action in any court to collect compensation for the
5 performance of the registrable services without alleging and
6 proving that he or she was the holder of a valid registration
7 under this Act at all times during the performance of those
8 services.

9 Article 10. Compliance

10 Section 10-5. General requirements.

11 (a) Each registrant is required to comply with the
12 provisions of this Act, any lawful order, rule, or regulation
13 made or issued under the provisions of this Act, and all
14 applicable federal and State laws, rules, and regulations.

15 (b) Each registrant shall designate a qualified individual
16 or individuals responsible for coordinating and monitoring
17 compliance with subsection (a).

18 (c) Each registrant shall maintain, implement, update, and
19 enforce written compliance policies and procedures, in
20 accordance with Section 10-10 and subject to any rules adopted
21 by the Department, which policies and procedures must be
22 reviewed and approved by the registrant's board of directors
23 or an equivalent governing body of the registrant.

1 Section 10-10. Required policies and procedures.

2 (a) An applicant, before submitting an application, shall
3 create and a registrant, during registration, shall maintain,
4 implement, update, and enforce, written compliance policies
5 and procedures for all of the following:

6 (1) A cybersecurity program.

7 (2) A business continuity program.

8 (3) A disaster recovery program.

9 (4) An anti-fraud program.

10 (5) An anti-money laundering and countering the
11 financing of terrorism program.

12 (6) An operational security program.

13 (7) (A) A program designed to ensure compliance with
14 this Act and other laws of this State or federal laws that
15 are relevant to the digital asset business activity
16 contemplated by the registrant with or on behalf of
17 residents and to assist the registrant in achieving the
18 purposes of other State laws and federal laws if violation
19 of those laws has a remedy under this Act.

20 (B) At a minimum, the program described by this
21 paragraph shall specify the policies and procedures that
22 the registrant undertakes to minimize the risk that the
23 registrant facilitates the exchange of unregistered
24 securities.

25 (8) A conflict of interest program.

26 (9) A request for assistance program to comply with

1 Section 5-20.

2 (10) Any other compliance program, policy, or
3 procedure the Department establishes by rule as necessary
4 for the protection of residents or for the safety and
5 soundness of the registrant's business or to effectuate
6 the purposes of this Act.

7 (b) A policy required by subsection (a) shall be
8 maintained in a record and designed to be adequate for a
9 registrant's contemplated digital asset business activity with
10 or on behalf of residents, considering the circumstances of
11 all participants and the safe operation of the activity. Any
12 policy and implementing procedure shall be compatible with
13 other policies and the procedures implementing them and not
14 conflict with policies or procedures applicable to the
15 registrant under other State law.

16 (c) A registrant's anti-fraud program shall include, at a
17 minimum, all of the following:

18 (1) Identification and assessment of the material
19 risks of its digital asset business activity related to
20 fraud, which shall include any form of market manipulation
21 and insider trading by the registrant, its employees, its
22 associated persons, or its customers.

23 (2) Protection against any material risk related to
24 fraud identified by the Department or the registrant.

25 (3) Periodic evaluation and revision of the anti-fraud
26 program, policies, and procedures.

1 (d) A registrant's anti-money laundering and countering
2 the financing of terrorism program shall include, at a
3 minimum, all of the following:

4 (1) Identification and assessment of the material
5 risks of its digital asset business activity related to
6 money laundering and financing of terrorist activity.

7 (2) Procedures, in accordance with federal law or
8 guidance published by federal agencies responsible for
9 enforcing federal law, pertaining to money laundering and
10 financing of terrorist activity.

11 (3) Filing reports under the Bank Secrecy Act, 31
12 U.S.C. 5311 et seq., or Chapter X of Title 31 of the Code
13 of Federal Regulations and other federal or State law
14 pertaining to the prevention or detection of money
15 laundering or financing of terrorist activity.

16 (e) A registrant's operational security program shall
17 include, at a minimum, reasonable and appropriate
18 administrative, physical, and technical safeguards to protect
19 the confidentiality, integrity, and availability of any
20 nonpublic information or digital asset it receives, maintains,
21 or transmits.

22 (f) (1) A registrant's cybersecurity program shall include,
23 at a minimum, all of the following:

24 (A) Maintaining, updating, and enforcing policies and
25 procedures designed to protect the confidentiality,
26 integrity, and availability of the registrant's

1 information systems and nonpublic information stored on
2 those information systems.

3 (B) Implementing and maintaining a written policy or
4 policies, approved at least annually by an executive
5 officer or the registrant's board of directors, or an
6 appropriate committee thereof, or equivalent governing
7 body, setting forth the registrant's policies and
8 procedures for the protection of its information systems
9 and nonpublic information stored on those information
10 systems.

11 (C) Designating a qualified individual responsible for
12 overseeing and implementing the registrant's cybersecurity
13 program and enforcing its cybersecurity policy. The
14 individual must have adequate authority to ensure
15 cybersecurity risks are appropriately managed, including
16 the ability to direct sufficient resources to implement
17 and maintain a cybersecurity program. The individual may
18 be employed by the registrant, one of its affiliates, or a
19 service provider.

20 (2) To assist in carrying out this subsection, the
21 Department may adopt rules to define terms used in this
22 subsection and to establish specific requirements for the
23 required cybersecurity program, including, but not limited to,
24 rules related to:

25 (A) penetration testing and vulnerability assessment;

26 (B) audit trails;

- 1 (C) access privileges;
- 2 (D) application security;
- 3 (E) risk assessment;
- 4 (F) cybersecurity personnel and intelligence;
- 5 (G) affiliates and service providers;
- 6 (H) authentication;
- 7 (I) data retention;
- 8 (J) training and monitoring;
- 9 (K) encryption;
- 10 (L) incident response;
- 11 (M) notice of cybersecurity events; and
- 12 (N) any other requirement necessary and appropriate
- 13 for the protection of residents or for the safety and
- 14 soundness of the registrant or to effectuate the purposes
- 15 of this subsection.

16 (g) The Department may require a registrant to file with

17 the Department a copy of any report it makes to a federal or

18 state authority.

19 (h) After the policies and procedures required under this

20 Article are created and approved by the registrant, the

21 registrant shall engage a qualified individual or individuals

22 with adequate authority and experience to monitor and

23 implement each policy and procedure, publicize it as

24 appropriate, recommend changes as necessary, and enforce it.

1 Section 15-5. Registration required. A person shall not
2 engage in digital asset business activity, or hold itself out
3 as being able to engage in digital asset business activity,
4 with or on behalf of a resident unless the person is registered
5 in this State by the Department under this Article, or the
6 person is exempt from registration pursuant to Section 1-10.

7 Section 15-10. Application.

8 (a) An application for a registration under this Act shall
9 meet all of the following requirements:

10 (1) The application shall be in a form and medium
11 prescribed by the Department. The Department may require
12 the filing of the application through a multistate
13 licensing system.

14 (2) The application shall provide all of the following
15 information relevant to the applicant's proposed digital
16 asset business activity:

17 (A) The legal name of the applicant, any current
18 or proposed business United States Postal Service
19 address of the applicant, and any fictitious or trade
20 name the applicant uses or plans to use in conducting
21 the applicant's digital asset business activity with
22 or on behalf of a resident.

23 (B) The legal name, any former or fictitious name,
24 and the residential and business United States Postal

1 Service address of any executive officer and
2 responsible individual of the applicant and any person
3 that has control of the applicant.

4 (C) A description of the current and former
5 business of the applicant and any affiliate of the
6 applicant for the 5 years before the application is
7 submitted, or, if the business has operated for less
8 than 5 years, for the time the business has operated,
9 including its products and services, associated
10 internet website addresses and social media pages,
11 principal place of business, projected user base, and
12 specific marketing targets.

13 (D) A list of all of the following:

14 (i) Any digital asset, money service, or money
15 transmitter registration the applicant and any
16 affiliates hold in another state or from an agency
17 of the United States.

18 (ii) The date the registrations described in
19 subdivision (i) expire.

20 (iii) Any revocation, suspension, or other
21 disciplinary action taken against the applicant
22 and any affiliates in any state or by an agency of
23 the United States and any applications rejected by
24 any state or agency of the United States.

25 (E) A list of any criminal conviction, deferred
26 prosecution agreement, and pending criminal proceeding

1 in any jurisdiction against all of the following:

2 (i) The applicant.

3 (ii) Any executive officer of the applicant.

4 (iii) Any responsible individual of the
5 applicant.

6 (iv) Any person that has control over the
7 applicant.

8 (v) Any affiliate of the applicant.

9 (F) A list of any litigation, arbitration, or
10 administrative proceeding in any jurisdiction in which
11 the applicant or an executive officer, responsible
12 individual, or affiliate of the applicant has been a
13 party for the 10 years before the application is
14 submitted determined to be material in accordance with
15 generally accepted accounting principles and, to the
16 extent the applicant or such other person would be
17 required to disclose the litigation, arbitration, or
18 administrative proceeding in the applicant's or such
19 other person's audited financial statements, reports
20 to equity owners, and similar statements or reports.

21 (G) A list of any bankruptcy or receivership
22 proceeding in any jurisdiction for the 10 years before
23 the application is submitted in which any of the
24 following was a debtor:

25 (i) The applicant.

26 (ii) An executive officer of the applicant.

1 (iii) A responsible individual of the
2 applicant.

3 (iv) A person that has control over the
4 applicant.

5 (v) An affiliate of the applicant.

6 (H) The name and United States Postal Service
7 address of any bank or credit union in which the
8 applicant and any affiliates plan to deposit funds
9 obtained by digital asset business activity.

10 (I) The source of funds and credit to be used by
11 the applicant and any affiliate to conduct digital
12 asset business activity with or on behalf of a
13 resident.

14 (J) A current financial statement and other
15 documentation satisfactory to the Department
16 demonstrating that the applicant has the capital and
17 liquidity required by Section 20-5.

18 (K) The United States Postal Service address and
19 email address to which communications from the
20 Department can be sent.

21 (L) The name, United States Postal Service
22 address, and email address of the registered agent of
23 the applicant in this State.

24 (M) A copy of the certificate, or a detailed
25 summary acceptable to the Department, of coverage for
26 any liability, casualty, business interruption, or

1 cybersecurity insurance policy maintained by the
2 applicant for itself, an executive officer, a
3 responsible individual, an affiliate, or the
4 applicant's users.

5 (N) If applicable, the date on which and the state
6 in which the applicant is formed and a copy of a
7 current certificate of good standing issued by that
8 state.

9 (O) If a person has control of the applicant and
10 the person's equity interests are publicly traded in
11 the United States, a copy of the audited financial
12 statement of the person for the most recent fiscal
13 year or most recent report of the person filed under
14 Section 13 of the Securities Exchange Act of 1934, 15
15 U.S.C. 78m.

16 (P) If a person has control of the applicant and
17 the person's equity interests are publicly traded
18 outside the United States, a copy of the audited
19 financial statement of the person for the most recent
20 fiscal year of the person or a copy of the most recent
21 documentation similar to that required in subparagraph
22 (O) filed with the foreign regulator in the domicile
23 of the person.

24 (Q) If the applicant is a partnership or a
25 member-managed limited liability company, the names
26 and United States Postal Service addresses of any

1 general partner or member.

2 (R) If the applicant is required to register with
3 the Financial Crimes Enforcement Network of the United
4 States Department of the Treasury as a money service
5 business, evidence of the registration.

6 (S) A set of fingerprints for each executive
7 officer and responsible individual of the applicant.

8 (T) If available, for any executive officer and
9 responsible individual of the applicant, for the 10
10 years before the application is submitted, employment
11 history and history of any investigation of the
12 individual or legal proceeding to which the individual
13 was a party.

14 (U) The plans through which the applicant will
15 meet its obligations under Article 10.

16 (V) Any other information the Department requires
17 by rule.

18 (3) The application shall be accompanied by a
19 nonrefundable fee of \$5,000 or the amount determined by
20 the Department to cover the costs of application review,
21 whichever is greater.

22 (b)(1) On receipt of a completed application, the
23 Department shall investigate all of the following:

24 (A) The financial condition and responsibility of the
25 applicant and any affiliate of the applicant.

26 (B) The relevant financial and business experience,

1 character, and general fitness of the applicant and any
2 affiliate of the applicant.

3 (C) The competence, experience, character, and general
4 fitness of each executive officer and director, each
5 responsible individual, and any person that has control of
6 the applicant.

7 (2) On receipt of a completed application, the Department
8 may investigate the business premises of an applicant or an
9 affiliate of the applicant or require the submission of any
10 other documents or information the Department deems relevant
11 to the application.

12 (3) The investigation required by this subsection must
13 allow the Secretary to issue positive findings stating that
14 the financial condition, financial responsibility, competence,
15 experience, character, and general fitness of the applicant,
16 each executive officer and director, each responsible
17 individual, any person that has control of the applicant, and
18 any affiliate of the applicant are such as to command the
19 confidence of the community and to warrant belief that the
20 business will be operated honestly, fairly, and efficiently
21 within the purpose of this Act; if the Secretary does not so
22 find, he or she shall not issue the registration, and he or she
23 shall notify the applicant of the denial.

24 (c)(1) After completing the investigation required by
25 subsection (b), the Department shall send the applicant notice
26 of its decision to approve, conditionally approve, or deny the

1 application. If the Department does not receive notice from
2 the applicant that the applicant accepts conditions specified
3 by the Department within 31 days following the Department's
4 notice of the conditions, the application shall be deemed
5 withdrawn.

6 (2) The Secretary may impose conditions on a registration
7 if the Secretary determines that those conditions are
8 necessary or appropriate. These conditions shall be imposed in
9 writing and shall continue in effect for the period prescribed
10 by the Secretary.

11 (d) A registration issued pursuant to this Act shall take
12 effect on the later of the following:

13 (1) The date the Department issues the registration.

14 (2) The date the registration provides the security
15 required by Section 20-5.

16 (e) In addition to the fee required by paragraph (3) of
17 subsection (a), an applicant shall pay the costs of the
18 Department's investigation under subsection (b).

19 (f) A registration issued pursuant to this Act shall
20 remain in full force and effect until it expires without
21 renewal, is surrendered by the registration, or revoked or
22 suspended as hereinafter provided.

23 (g) (1) The Department may issue a conditional registration
24 to an applicant who holds or maintains a registration to
25 conduct virtual currency business activity in the State of New
26 York pursuant to Part 200 of Title 23 of the New York Code of

1 Rules and Regulations, or a charter as a New York State limited
2 purpose trust company with approval to conduct virtual
3 currency business under the New York Banking Law, if the
4 registration or approval was issued no later than the
5 effective date of this Act and the applicant pays all
6 appropriate fees and complies with the requirements of this
7 Act.

8 (2) A conditional registration issued pursuant to this
9 subsection shall expire at the earliest of the following:

10 (A) upon issuance of an unconditional registration;

11 (B) upon denial of a registration;

12 (C) upon revocation of a registration issued pursuant
13 to Part 200 of Title 23 of the New York Code of Rules and
14 Regulations or disapproval or revocation of a charter as a
15 New York State limited purpose trust company with approval
16 to conduct virtual currency business under the New York
17 Banking Law.

18 Section 15-15. Renewal.

19 (a) Registrations shall be subject to renewal every year
20 using a common renewal period as established by the Department
21 by rule. A registrant may apply for renewal of the
22 registration by submitting a renewal application under
23 subsection (b) and paying all applicable fees due to the
24 Department.

25 (b) The renewal application required by subsection (a)

1 shall be submitted in a form and medium prescribed by the
2 Department. The application shall contain all of the
3 following:

4 (1) Either a copy of the registrant's most recent
5 reviewed annual financial statement, if the gross revenue
6 generated by the registrant's digital asset business
7 activity in this State was not more than \$2,000,000 for
8 the fiscal year ending before the anniversary date of
9 issuance of its registration under this Act, or a copy of
10 the registrant's most recent audited annual financial
11 statement, if the registrant's digital asset business
12 activity in this State amounted to more than \$2,000,000,
13 for the fiscal year ending before the anniversary date.

14 (2) If a person other than an individual has control
15 of the registrant, a copy of either of the following:

16 (A) The person's most recent reviewed annual
17 financial statement, if the person's gross revenue was
18 not more than \$2,000,000 in the previous fiscal year
19 measured as of the anniversary date of issuance of its
20 registration under this Act.

21 (B) The person's most recent audited consolidated
22 annual financial statement, if the person's gross
23 revenue was more than \$2,000,000 in the previous
24 fiscal year measured as of the anniversary date of
25 issuance of its registration under this Act.

26 (3) A description of any of the following:

1 (A) Any material change in the financial condition
2 of the registrant and any affiliate of the registrant.

3 (B) Any material litigation related to the
4 registrant's digital asset business activity and
5 involving the registrant or an executive officer,
6 responsible individual, or affiliate of the
7 registrant.

8 (C) Any federal, state, or foreign investigation
9 involving the registrant or an executive officer,
10 responsible individual, or affiliate of the
11 registrant.

12 (D) (i) Any data security breach or cybersecurity
13 event involving the registrant.

14 (ii) A description of a data security breach
15 pursuant to this subparagraph does not constitute
16 disclosure or notification of a security breach
17 for purposes of any other law.

18 (4) Information or records required by Section 20-25
19 that the registrant has not reported to the Department.

20 (5) The number of digital asset business activity
21 transactions with or on behalf of residents for the period
22 since the later of the date the registration was issued or
23 the date the last renewal application was submitted.

24 (6) (A) The amount of United States dollar equivalent
25 of digital assets in the custody or control of the
26 registrant at the end of the last month that ends not later

1 than 30 days before the date of the renewal application.

2 (B) The total number of residents for whom the
3 registrant had custody or control of United States
4 dollar equivalent of digital assets on that date.

5 (7) Evidence that the registrant is in compliance with
6 Section 5-10.

7 (8) Evidence that the registrant is in compliance with
8 Section 20-5.

9 (9) A list of all locations where the registrant
10 engages in digital asset business activity.

11 (10) Any other information the Department requires by
12 rule.

13 (c) If a registrant does not timely comply with this
14 Section, the Department may take enforcement actions provided
15 under Section 20-50. Notice or hearing is not required for a
16 suspension or revocation of a registration under this Act for
17 failure to pay a renewal fee, file a renewal application, or
18 otherwise comply with this Section.

19 (d) Suspension or revocation of a registration under this
20 Section does not invalidate a transfer or exchange of digital
21 assets for or on behalf of a resident made during the
22 suspension or revocation and does not insulate the registrant
23 from liability under this Act.

24 (e) For good cause, the Department, in its sole
25 discretion, may extend a period under this Section.

26 (f) A registrant that does not comply with this Section

1 shall cease digital asset business activities with or on
2 behalf of a resident. A registrant ceasing an activity or
3 activities regulated by this Act and desiring to no longer be
4 registered shall so inform the Department in writing and, at
5 the same time, convey any registration issued and all other
6 symbols or indicia of registration. The registrant shall
7 include a plan for the withdrawal from regulated business,
8 including a timetable for the disposition of the business, and
9 comply with the surrender guidelines or requirements of the
10 Department.

11 Section 15-20. Nontransferable registration. A
12 registration under this Act is not transferable or assignable.

13 Article 20. Supervision

14 Section 20-5. Surety bond; capital and liquidity
15 requirements.

16 (a) (1) (A) A registrant shall maintain a surety bond or
17 trust account in United States dollars in a form and amount as
18 determined by the Department for the protection of residents
19 that engage in digital asset business activity with the
20 registrant.

21 (B) If a registrant maintains a trust account
22 pursuant to this Section, that trust account shall be
23 maintained with a qualified custodian.

1 (2) Security deposited under this Section shall be for
2 the benefit of a claim against the registrant on account
3 of the registrant's digital asset business activity with
4 or on behalf of a resident.

5 (3) Security deposited under this Section shall cover
6 claims for the period the Department specifies by rule and
7 for an additional period the Department specifies after
8 the registrant ceases to engage in digital asset business
9 activity with or on behalf of a resident.

10 (4) The Department may require the registrant to
11 increase the amount of security deposited under this
12 Section, and the registrant shall deposit the additional
13 security not later than 15 days after the registrant
14 receives notice in a record of the required increase.

15 (5) The Department may permit a registrant to
16 substitute or deposit an alternate form of security
17 satisfactory to the Department if the registrant at all
18 times complies with this Section.

19 (b) In addition to the security required under subsection
20 (a), a registrant shall maintain at all times capital and
21 liquidity, each in an amount and form as the Department
22 determines is sufficient to ensure the financial integrity of
23 the registrant and its ongoing operations based on an
24 assessment of the specific risks applicable to the registrant.
25 In determining the minimum amount of capital and liquidity
26 that shall be maintained by a registrant, the Department may

1 consider factors, including, but not limited to, all of the
2 following:

3 (1) The composition of the registrant's total assets,
4 including the position, size, quality, liquidity, risk
5 exposure, and price volatility of each type of asset.

6 (2) The composition of the registrant's total
7 liabilities, including the size and repayment timing of
8 each type of liability.

9 (3) The actual and expected volume of the registrant's
10 digital asset business activity.

11 (4) The amount of leverage employed by the registrant.

12 (5) The liquidity position of the registrant.

13 (6) The financial protection that the registrant
14 provides pursuant to subsection (a).

15 (7) The types of entities to be serviced by the
16 registrant.

17 (8) The types of products or services to be offered by
18 the registrant.

19 (9) Arrangements adopted by the registrant for the
20 protection of its customers in the event of the
21 registrant's insolvency.

22 (c) A registrant shall hold liquidity required to be
23 maintained in accordance with this Section in the form of cash
24 or high-quality liquid assets, as defined by the Department
25 and in proportions determined by the Department.

26 (d) The Department may require a registrant to increase

1 the capital or liquidity required under this Section. A
2 registrant shall submit evidence satisfactory to the
3 Department that it has additional capital or liquidity
4 required pursuant to this subsection not later than 15 days
5 after the registrant receives notice in a record of the
6 required increase.

7 Section 20-10. Examination.

8 (a) (1) (A) The Department may, at any time and from time to
9 time, examine the business and any office, within or outside
10 this State, of any covered person, or any agent of a covered
11 person, in order to ascertain (i) the financial condition of
12 the covered person, (ii) the safety and soundness of the
13 conduct of its business, (iii) the policies of its management,
14 (iv) whether the business is being conducted in a lawful
15 manner, (v) whether all digital asset business activity is
16 properly accounted for, and (vi) such other matters as the
17 Department may determine, including, but not limited to, any
18 activities of the covered person outside the State if in the
19 Department's judgment such activities may affect the covered
20 person's digital asset business activity.

21 (B) The directors, officers, and employees of a
22 covered person, or agent of a covered person, being
23 examined by the Department shall exhibit to the
24 Department, on request, any or all of the covered
25 person's accounts, books, correspondence, memoranda,

1 papers, and other records and shall otherwise
2 facilitate the examination so far as it may be in their
3 power to do so.

4 (C) The covered person shall permit and assist the
5 Department to examine an affiliate or service provider
6 of the covered person when, in the Department's
7 judgment, it is necessary or advisable to do so.

8 (2) The Department may examine a covered person, its
9 affiliate, or service provider pursuant to this paragraph
10 without prior notice to the covered person, affiliate, or
11 service provider.

12 (b) A covered person shall pay the necessary costs of an
13 examination under this Section.

14 Section 20-15. Books and records.

15 (a) A registrant shall maintain, for all digital asset
16 business activity with or on behalf of a resident for 5 years
17 after the date of the activity, a record of all of the
18 following:

19 (1) Any transaction of the registrant with or on
20 behalf of the resident or for the registrant's account in
21 this State, including all of the following:

22 (A) The identity of the resident.

23 (B) The form of the transaction.

24 (C) The amount, date, and payment instructions
25 given by the resident.

1 (D) The account number, name, and physical address
2 of:

3 (i) the parties to the transaction that are
4 customers or account holders of the registrant;
5 and

6 (ii) to the extent practicable, any other
7 parties to the transaction.

8 (2) The aggregate number of transactions and aggregate
9 value of transactions by the registrant with, or on behalf
10 of, the resident and for the registrant's account in this
11 State expressed in United States dollar equivalent of
12 digital assets for the previous 12 calendar months.

13 (3) Any transaction in which the registrant exchanged
14 one form of digital asset for fiat currency or another
15 form of digital asset with or on behalf of the resident.

16 (4) A general ledger maintained at least monthly that
17 lists all assets, liabilities, capital, income, and
18 expenses of the registrant.

19 (5) Any report of condition or other reports to the
20 Department, at such times and in such form, as the
21 Department may request.

22 (6) Bank statements and bank reconciliation records
23 for the registrant and the name, account number, and
24 United States Postal Service address of any bank or credit
25 union the registrant uses in the conduct of its digital
26 asset business activity with or on behalf of the resident.

1 (7) A report of any dispute with a resident.

2 (b) A registrant shall maintain records required by
3 subsection (a) in a form that enables the Department to
4 determine whether the registrant is in compliance with this
5 Act, any court order, and the laws of this State.

6 (c) If a registrant maintains records outside this State
7 that pertain to transactions with or on behalf of a resident,
8 the registrant shall make the records available to the
9 Department not later than 3 days after request, or, on a
10 determination of good cause by the Department, in its sole
11 discretion, at a later time.

12 (d) All records maintained by a registrant, any affiliate,
13 or any service provider are subject to inspection by the
14 Department.

15 Section 20-20. Regulatory cooperation. The Department may
16 cooperate, coordinate, jointly examine, consult, and share
17 records and other information with the appropriate regulatory
18 agency of another state, a self-regulatory organization,
19 federal or state regulator of banking or non-depository
20 institutions, or a regulator of a jurisdiction outside the
21 United States, concerning the affairs and conduct of a covered
22 person, affiliate, or service provider in this State.

23 Section 20-25. Material business changes.

24 (a) A registrant shall file with the Department a report

1 of the following, as may be applicable:

2 (1) A material change in information in the
3 application for a registration under this Act or the most
4 recent renewal report of the registrant under this Act.

5 (2) A material change in the registrant's business for
6 the conduct of its digital asset business activity with or
7 on behalf of a resident.

8 (3) A change of an affiliate, executive officer,
9 responsible individual, or person in control of the
10 registrant.

11 (b) A report required by this Section shall be filed not
12 later than 15 days after the change described in subsection
13 (a).

14 Section 20-30. Change in control.

15 (a) As used in this Section, "proposed person to be in
16 control" means the person that would control a registrant
17 after a proposed transaction that would result in a change in
18 control of the registrant.

19 (b) The following rules apply in determining whether a
20 person has control over a registrant:

21 (1) There is a rebuttable presumption of control if a
22 person directly or indirectly owns, controls, holds with
23 the power to vote, or holds proxies representing 10% or
24 more of the then outstanding voting securities issued by
25 the registrant.

1 (2) A person has control over a registrant if the
2 person's voting power in the registrant constitutes or
3 will constitute at least 25% of the total voting power of
4 the registrant.

5 (3) There is a rebuttable presumption of control if
6 the person's voting power in another person constitutes or
7 will constitute at least 10% of the total voting power of
8 the other person and the other person's voting power in
9 the registrant constitutes at least 10% of the total
10 voting power of the registrant.

11 (4) There is no presumption of control solely because
12 an individual is an executive officer of the registrant.

13 (c) Before a proposed change in control of a registrant,
14 the proposed person to be in control shall submit to the
15 Department in a record all of the following:

16 (1) An application in a form and medium prescribed by
17 the Department.

18 (2) The information and records that Section 15-10
19 would require if the proposed person to be in control
20 already had control of the registrant.

21 (d) The Department shall not approve an application unless
22 the Secretary finds all of the following:

23 (1) The proposed person to be in control and all
24 executive officers of the proposed person to be in
25 control, if any, are of good character and sound financial
26 standing.

1 (2) The proposed person to be in control is competent
2 to engage in digital asset business activity.

3 (3) It is reasonable to believe that, if the person
4 acquires control of the registrant, the proposed person to
5 be in control and the registrant will comply with all
6 applicable provisions of this Act and any rules or order
7 issued under this Act.

8 (4) Any plans by the proposed person to be in control
9 to change the business, corporate structure, or management
10 of the registrant are not detrimental to the safety and
11 soundness of the registrant.

12 (e) The Department, in accordance with Section 15-10,
13 shall approve, approve with conditions, or deny an application
14 for a change in control of a registrant. The Department, in a
15 record, shall send notice of its decision to the registrant
16 and the person that would be in control if the Department had
17 approved the change in control. If the Department denies the
18 application, the registrant shall abandon the proposed change
19 in control or cease digital asset business activity with or on
20 behalf of residents.

21 (f) If the Department applies a condition to approval of a
22 change in control of a registrant, and the Department does not
23 receive notice of the applicant's acceptance of the condition
24 specified by the Department not later than 31 days after the
25 Department sends notice of the condition, the application is
26 deemed denied. If the application is deemed denied, the

1 registrant shall abandon the proposed change in control or
2 cease digital asset business activity with or on behalf of
3 residents.

4 (g) The Department may revoke or modify a determination
5 under subsection (d), after notice and opportunity to be
6 heard, if, in its judgment, revocation or modification is
7 consistent with this Act.

8 (h) If a change in control of a registrant requires
9 approval of another regulatory agency, and the action of the
10 other agency conflicts with that of the Department, the
11 Department shall confer with the other agency. If the proposed
12 change in control cannot be completed because the conflict
13 cannot be resolved, the registrant shall abandon the change in
14 control or cease digital asset business activity with or on
15 behalf of residents.

16 Section 20-35. Mergers.

17 (a) Before a proposed merger or consolidation of a
18 registrant with another person, the registrant shall submit
19 all of the following, as applicable, to the Department:

20 (1) An application in a form and medium prescribed by
21 the Department.

22 (2) The plan of merger or consolidation in accordance
23 with subsection (e).

24 (3) In the case of a registrant, the information
25 required by Section 15-10 concerning the person that would

1 be the surviving entity in the proposed merger or
2 consolidation.

3 (b) If a proposed merger or consolidation would change the
4 control of a registrant, the registrant shall comply with
5 Section 20-30 and this Section.

6 (c) The Department, in accordance with Section 15-10,
7 shall approve, conditionally approve, or deny an application
8 for approval of a merger or consolidation of a registrant. The
9 Department, in a record, shall send notice of its decision to
10 the registrant and the person that would be the surviving
11 entity. If the Department denies the application, the
12 registrant shall abandon the merger or consolidation or cease
13 digital asset business activity with or on behalf of
14 residents.

15 (d) The Department may revoke or modify a determination
16 under paragraph (c), after notice and opportunity to be heard,
17 if, in its judgment, revocation or modification is consistent
18 with this Act.

19 (e) A plan of merger or consolidation of a registrant with
20 another person shall do all of the following:

21 (1) Describe the effect of the proposed transaction on
22 the registrant's conduct of digital asset business
23 activity with or on behalf of residents.

24 (2) Identify each person to be merged or consolidated
25 and the person that would be the surviving entity.

26 (3) Describe the terms and conditions of the merger or

1 consolidation and the mode of carrying it into effect.

2 (f) If a merger or consolidation of a registrant and
3 another person requires approval of another regulatory agency,
4 and the action of the other agency conflicts with that of the
5 Department, the Department shall confer with the other agency.
6 If the proposed merger or consolidation cannot be completed
7 because the conflict cannot be resolved, the registrant shall
8 abandon the merger or consolidation or cease digital asset
9 business activity with or on behalf of residents.

10 (g) The Department may condition approval of an
11 application under subsection (a). If the Department does not
12 receive notice from the parties that the parties accept the
13 Department's condition not later than 31 days after the
14 Department sends notice in a record of the condition, the
15 application is deemed denied. If the application is deemed
16 denied, the registrant shall abandon the merger or
17 consolidation or cease digital asset business activity with,
18 or on behalf of, residents.

19 (h) If a registrant acquires substantially all of the
20 assets of a person, whether or not the person's registration
21 was approved by the Department, the transaction is subject to
22 this Section.

23 Section 20-40. Investigation of complaints. The Secretary
24 shall be authorized at all times to maintain staff and
25 facilities adequate to receive, record, and investigate

1 complaints and inquiries made by any person concerning this
2 Act and any covered persons, affiliates, and service providers
3 under this Act. Each such person shall open their books,
4 records, documents, and offices wherever situated to the
5 Secretary or his or her appointees as needed to facilitate
6 such investigations.

7 Section 20-45. Additional investigation and examination
8 authority. In addition to any authority allowed under this Act
9 or other applicable law, the Secretary shall have the
10 authority to conduct investigations and examinations as
11 follows:

12 (1) For purposes of initial registration, renewal,
13 suspension, conditioning, revocation or termination, or
14 general or specific inquiry or investigation to determine
15 compliance with this Act, the Secretary shall have the
16 authority to access, receive, and use any books, accounts,
17 records, files, documents, information, or evidence,
18 including, but not limited to, the following:

19 (A) criminal, civil, and administrative history
20 information, including nonconviction data as specified
21 in the Criminal Code of 2012;

22 (B) personal history and experience information,
23 including independent credit reports obtained from a
24 consumer reporting agency described in Section 603(p)
25 of the federal Fair Credit Reporting Act; and

1 (C) any other documents, information, or evidence
2 the Secretary deems relevant to the inquiry or
3 investigation, regardless of the location, possession,
4 control, or custody of the documents, information, or
5 evidence.

6 (2) For the purposes of investigating violations or
7 complaints arising under this Act or for the purposes of
8 examination, the Secretary may review, investigate, or
9 examine any covered person, affiliate, service provider,
10 individual, or person subject to this Act as often as
11 necessary in order to carry out the purposes of this Act.
12 The Secretary may direct, subpoena, or order the
13 attendance of and examine under oath all persons whose
14 testimony may be required about the transactions or the
15 business or subject matter of any such examination or
16 investigation, and may direct, subpoena, or order the
17 person to produce books, accounts, records, files, and any
18 other documents the Secretary deems relevant to the
19 inquiry.

20 (3) Each covered person, affiliate, service provider,
21 individual, or person subject to this Act shall make
22 available to the Secretary upon request the books and
23 records relating to the operations of the registrant,
24 affiliate, individual, or person subject to this Act. The
25 Secretary shall have access to those books and records and
26 interview the officers, principals, employees, independent

1 contractors, agents, and customers of the covered person,
2 affiliate, service provider, individual, or person subject
3 to this Act concerning their business.

4 (4) Each covered person, affiliate, service provider,
5 individual, or person subject to this Act shall make or
6 compile reports or prepare other information as directed
7 by the Secretary in order to carry out the purposes of this
8 Section, including, but not limited to:

9 (A) accounting compilations;

10 (B) information lists and data concerning
11 transactions in a format prescribed by the Secretary;
12 or

13 (C) other information deemed necessary to carry
14 out the purposes of this Section.

15 (5) In making any examination or investigation
16 authorized by this Act, the Secretary may control access
17 to any documents and records of the covered person or
18 person under examination or investigation. The Secretary
19 may take possession of the documents and records or place
20 a person in exclusive charge of the documents and records
21 in the place where they are usually kept. During the
22 period of control, no person shall remove or attempt to
23 remove any of the documents or records, except pursuant to
24 a court order or with the consent of the Secretary. Unless
25 the Secretary has reasonable grounds to believe the
26 documents or records of the covered person or person under

1 examination or investigation have been or are at risk of
2 being altered or destroyed for purposes of concealing a
3 violation of this Act, the covered person or owner of the
4 documents and records shall have access to the documents
5 or records as necessary to conduct its ordinary business
6 affairs.

7 (6) In order to carry out the purposes of this
8 Section, the Secretary may:

9 (A) retain attorneys, accountants, or other
10 professionals and specialists as examiners, auditors,
11 or investigators to conduct or assist in the conduct
12 of examinations or investigations;

13 (B) enter into agreements or relationships with
14 other government officials, regulatory associations,
15 or self-regulatory organizations in order to improve
16 efficiencies and reduce regulatory burden by sharing
17 resources, standardized or uniform methods or
18 procedures, and documents, records, information, or
19 evidence obtained under this Section;

20 (C) use, hire, contract, or employ public or
21 privately available analytical systems, methods, or
22 software to examine or investigate the covered person,
23 affiliate, service provider, individual, or person
24 subject to this Act;

25 (D) accept and rely on examination or
26 investigation reports made by other government

1 officials, within or outside this State; or

2 (E) accept audit reports made by an independent
3 certified public accountant for the covered person,
4 affiliate, service provider, individual, or person
5 subject to this Act in the course of that part of the
6 examination covering the same general subject matter
7 as the audit and may incorporate the audit report in
8 the report of the examination, report of
9 investigation, or other writing of the Secretary.

10 (7) The authority of this Section shall remain in
11 effect, whether such a covered person, affiliate, service
12 provider, individual, or person subject to this Act acts
13 or claims to act under any licensing or registration law
14 of this State or claims to act without the authority.

15 (8) No covered person, affiliate, service provider,
16 individual, or person subject to investigation or
17 examination under this Section may knowingly withhold,
18 abstract, remove, mutilate, destroy, or secrete any books,
19 records, computer records, or other information.

20 Section 20-50. Enforcement actions.

21 (a) As used in this Article, "enforcement action" means an
22 action including, but not limited to, all of the following:

23 (1) Suspending or revoking a registration under this
24 Act.

25 (2) Ordering a person to cease and desist from doing

1 digital asset business activity with or on behalf of a
2 resident.

3 (3) Requesting the court to appoint a receiver for the
4 assets of a person doing digital asset business activity
5 with or on behalf of a resident.

6 (4) Requesting the court to issue temporary,
7 preliminary, or permanent injunctive relief against a
8 person doing digital asset business activity with or on
9 behalf of a resident.

10 (5) Assessing a civil penalty under Section 20-70.

11 (6) Recovering on the security under Section 20-5 and
12 initiating a plan to distribute the proceeds for the
13 benefit of a resident injured by a violation of this Act,
14 or law of this State other than this Act that applies to
15 digital asset business activity with or on behalf of a
16 resident.

17 (7) Imposing necessary or appropriate conditions on
18 the conduct of digital asset business activity with or on
19 behalf of a resident.

20 (8) Seeking restitution on behalf of a resident if the
21 Department shows economic injury due to a violation of
22 this Act.

23 (b) The Department may enter into a consent order with a
24 person regarding an enforcement action.

25 (c) This Section does not provide a private right of
26 action to a resident, provided this Section does not preclude

1 an action by a resident to enforce rights under Article 5 or
2 subsection (a) of Section 20-5.

3 Section 20-55. Violations.

4 (a) The Department may take an enforcement action against
5 a covered person or any person otherwise subject to this Act in
6 any of the following instances:

7 (1) The covered person or person violates this Act, a
8 rule adopted or order issued under this Act, or a State or
9 federal law or regulation that applies to digital asset
10 business activity of the violator with or on behalf of a
11 resident.

12 (2) The covered person or person does not cooperate
13 with an examination or investigation by the Department,
14 fails to pay a fee, or fails to submit a report or
15 documentation.

16 (3) The covered person or person, in the conduct of
17 its digital asset business activity with or on behalf of a
18 resident, has engaged, is engaging, or is about to engage
19 in any of the following:

20 (A) An unsafe, unsound, or unlawful act or
21 practice.

22 (B) An unfair, deceptive, or abusive act or
23 practice.

24 (C) Fraud, misrepresentation, deceit, or
25 negligence.

1 (D) Misappropriation of fiat currency, a digital
2 asset, or other value.

3 (4) An agency of the United States or another state
4 takes an action against the covered person or person that
5 would constitute an enforcement action if the Department
6 had taken the action.

7 (5) The covered person or person is convicted of a
8 crime related to its digital asset business activity with
9 or on behalf of a resident or involving fraud or felonious
10 activity that, as determined by the Department, makes the
11 covered person or person unsuitable to engage in digital
12 asset business activity.

13 (6) Any of the following occurs:

14 (A) The covered person or person becomes
15 insolvent.

16 (B) The covered person or person makes a general
17 assignment for the benefit of its creditors.

18 (C) The covered person or person becomes the
19 debtor, alleged debtor, respondent, or person in a
20 similar capacity in a case or other proceeding under
21 any bankruptcy, reorganization, arrangement,
22 readjustment, insolvency, receivership, dissolution,
23 liquidation, or similar law, and does not obtain from
24 the court, within a reasonable time, confirmation of a
25 plan or dismissal of the case or proceeding.

26 (D) The covered person or person applies for, or

1 permits the appointment of, a receiver, trustee, or
2 other agent of a court for itself or for a substantial
3 part of its assets.

4 (7) The covered person or person makes a
5 misrepresentation to the Department.

6 (b) If the Secretary finds, as the result of examination,
7 investigation, or review of reports submitted by a registrant,
8 that the business and affairs of a registrant are not being
9 conducted in accordance with this Act, the Secretary may
10 notify the registrant of the correction necessary. If a
11 registrant fails to correct such violations, the Secretary may
12 issue an order requiring immediate correction and compliance
13 with this Act and may specify a reasonable date for
14 performance.

15 Section 20-60. Hearings.

16 (a) Except as provided in subsection (b), the Department
17 may take an enforcement action only after notice and
18 opportunity for a hearing as appropriate in the circumstances.
19 All hearings provided for in this Act shall be conducted in
20 accordance with Title 38, Part 100 of the Illinois
21 Administrative Code, and the Secretary shall have all the
22 powers granted therein.

23 (b) (1) (A) The Department may take an enforcement action,
24 other than the imposition of a civil penalty under Section
25 20-70, without notice if the circumstances require action

1 before notice can be given.

2 (B) A person subject to an enforcement action
3 pursuant to this subsection shall have the right to an
4 expedited post-action hearing by the Department unless
5 the person has waived the hearing.

6 (2) (A) The Department may take an enforcement action,
7 other than the imposition of a civil penalty under Section
8 20-70, after notice and without a prior hearing if the
9 circumstances require action before a hearing can be held.

10 (B) A person subject to an enforcement action
11 pursuant to this subsection shall have the right to an
12 expedited post-action hearing by the Department unless
13 the person has waived the hearing.

14 (3) The Department may take an enforcement action
15 after notice and without a hearing if the person subject
16 to the enforcement action does not timely request a
17 hearing.

18 Section 20-65. Hearing rules.

19 (a) The Department may, in accordance with the Illinois
20 Administrative Procedure Act, adopt rules to provide for
21 review within the Department of the Secretary's decisions
22 affecting the rights of persons or entities under this Act.
23 The review shall provide for, at a minimum:

24 (1) appointment of a hearing officer;

25 (2) appropriate procedural rules, specific deadlines

1 for filings, and standards of evidence and of proof; and

2 (3) provision for apportioning costs among parties to
3 the appeal.

4 (b) All final administrative decisions of the Department
5 under this Act, all amendments and modifications of final
6 administrative decisions, and any rules adopted by the
7 Department pursuant to this Act shall be subject to judicial
8 review pursuant to the provisions of the Administrative Review
9 Law.

10 Section 20-70. Civil penalties.

11 (a) If a person other than a registrant has engaged, is
12 engaging, or is about to engage in digital asset business
13 activity with or on behalf of a resident in violation of this
14 Act, the Department may assess a civil penalty against the
15 person in an amount not to exceed \$100,000 for each day the
16 person is in violation of this Act.

17 (b) If a person violates a provision of this Act, the
18 Department may assess a civil penalty in an amount not to
19 exceed \$25,000 for each day of violation or for each act or
20 omission in violation, except that a fine may be imposed not to
21 exceed \$75,000 for each day of violation or for each act or
22 omission in violation related to fraud, misrepresentation,
23 deceit, or negligence.

24 (c) A civil penalty under this Section continues to accrue
25 until the date the violation ceases.

1 (d) A civil penalty under this Section is cumulative to
2 any civil penalties enforceable by the Department under any
3 other law.

4 Section 20-75. Subpoena power.

5 (a) The Secretary shall have the power to issue and to
6 serve subpoenas and subpoenas duces tecum to compel the
7 attendance of witnesses and the production of all books,
8 accounts, records, and other documents and materials relevant
9 to an examination or investigation. The Secretary, or his or
10 her duly authorized representative, shall have power to
11 administer oaths and affirmations to any person.

12 (b) In the event of noncompliance with a subpoena or
13 subpoena duces tecum issued or caused to be issued by the
14 Secretary, the Secretary may, through the Attorney General or
15 the State's Attorney of the county in which the person
16 subpoenaed resides or has its principal place of business,
17 petition the circuit court of the county for an order
18 requiring the subpoenaed person to appear and testify and to
19 produce such books, accounts, records, and other documents as
20 are specified in the subpoena duces tecum. The court may grant
21 injunctive relief restraining the person from advertising,
22 promoting, soliciting, entering into, offering to enter into,
23 continuing, or completing any digital asset business activity.
24 The court may grant other relief, including, but not limited
25 to, the restraint, by injunction or appointment of a receiver,

1 of any transfer, pledge, assignment, or other disposition of
2 the person's assets or any concealment, alteration,
3 destruction, or other disposition of books, accounts, records,
4 or other documents and materials as the court deems
5 appropriate, until the person has fully complied with the
6 subpoena or subpoena duces tecum and the Secretary has
7 completed an investigation or examination.

8 (c) If it appears to the Secretary that the compliance
9 with a subpoena or subpoena duces tecum issued or caused to be
10 issued by the Secretary pursuant to this Section is essential
11 to an investigation or examination, the Secretary, in addition
12 to the other remedies provided for in this Act, may, through
13 the Attorney General or the State's Attorney of the county in
14 which the subpoenaed person resides or has its principal place
15 of business, apply for relief to the circuit court of the
16 county. The court shall thereupon direct the issuance of an
17 order against the subpoenaed person requiring sufficient bond
18 conditioned on compliance with the subpoena or subpoena duces
19 tecum. The court shall cause to be endorsed on the order a
20 suitable amount of bond or payment pursuant to which the
21 person named in the order shall be freed, having a due regard
22 to the nature of the case.

23 (d) In addition, the Secretary may, through the Attorney
24 General or the State's Attorney of the applicable county, seek
25 a writ of attachment or an equivalent order from the circuit
26 court having jurisdiction over the person who has refused to

1 obey a subpoena, who has refused to give testimony, or who has
2 refused to produce the matters described in the subpoena duces
3 tecum.

4 Section 20-80. Civil actions.

5 (a) The Department may bring a civil action in accordance
6 with the following:

7 (1) If a person violates any provision of this Act, a
8 rule or final order, or condition imposed in writing by
9 the Department, the Department through the Attorney
10 General or the State's Attorney of the county in which any
11 such violation occurs may bring an action in the circuit
12 court to enjoin the acts or practices or to enforce
13 compliance with this Act or any rule or order adopted
14 pursuant to this Act. Upon a proper showing, a permanent
15 or preliminary injunction, restraining order, or writ of
16 mandate shall be granted and a receiver, monitor,
17 conservator, or other designated fiduciary or officer of
18 the court may be appointed for the defendant or the
19 defendant's assets, or any other ancillary relief may be
20 granted as appropriate. A receiver, monitor, conservator,
21 or other designated fiduciary or officer of the court
22 appointed by the circuit court pursuant to this Section
23 may, with the approval of the court, exercise any or all of
24 the powers of the defendant's officers, directors,
25 partners, trustees, or persons who exercise similar powers

1 and perform similar duties, including the filing of a
2 petition for bankruptcy. No action at law or in equity may
3 be maintained by any party against the Secretary, a
4 receiver, monitor, conservator, or other designated
5 fiduciary or officer of the court, by reason of their
6 exercising these powers or performing these duties
7 pursuant to the order of, or with the approval of, the
8 circuit court.

9 (2) The Secretary may include in any action relief
10 authorized by Section 20-50. The circuit court shall have
11 jurisdiction to award additional relief.

12 (3) In any action brought by the Department, the
13 Department may recover its costs and attorney's fees in
14 connection with prosecuting the action if the Department
15 is the prevailing party in the action.

16 (b) The Attorney General may enforce a violation of
17 Article 5 as an unlawful practice under the Consumer Fraud and
18 Deceptive Business Practices Act.

19 (c) A claim of violation of Article 5 may be asserted in a
20 civil action. Additionally, a prevailing resident may be
21 awarded reasonable attorney's fees and court costs.

22 Article 30. Additional Procedural Provisions

23 Section 30-5. Confidential supervisory information.

24 (a) Confidential supervisory information shall, unless

1 made a matter of public record, not be subject to disclosure
2 under the Freedom of Information Act, and shall only be
3 subject to disclosure pursuant to subpoena or court order as
4 provided in subsection (e).

5 (b) All records of communications or summaries of
6 communications between employees, agents, or representatives
7 of the Department and employees, agents, or representatives of
8 other governmental agencies, a provider of any multistate
9 licensing system, or associations or organizations
10 representing federal, state, or local law enforcement or
11 regulatory agencies or providers of any multistate licensing
12 system, pursuant to any regulatory or supervision activity
13 under this Act (1) shall not be subject to disclosure under the
14 Freedom of Information Act, and (2) to the extent the records
15 contain confidential supervisory information, shall only be
16 subject to disclosure pursuant to subpoena or court order as
17 provided in subsection (e).

18 (c) All confidential supervisory information received from
19 other governmental agencies, a multistate licensing system
20 provider, or associations or organizations consisting of
21 employees, agents, or representatives of such agencies or
22 providers, shall not be subject to disclosure under the
23 Freedom of Information Act, and only subject to disclosure
24 pursuant to subpoena or court order as provided in subsection
25 (e).

26 (d) The sharing of any confidential supervisory

1 information under this Act with governmental agencies,
2 providers of any multistate licensing system, or associations
3 or organizations consisting of employees, agents, or
4 representatives of such federal, state, or local law
5 enforcement or regulatory agencies, shall not result in the
6 loss of privilege arising under federal or state law, or the
7 loss of confidentiality protections provided by federal law or
8 state law, and are only subject to disclosure pursuant to
9 subpoena or court order as provided in subsection (e).

10 (e) Confidential supervisory information may not be
11 disclosed to anyone other than the regulated person, law
12 enforcement officials or other regulatory agencies that have
13 an appropriate regulatory interest as determined by the
14 Secretary, or to a party presenting a lawful subpoena, order,
15 or other judicial or administrative process to the Secretary.
16 The Secretary may immediately appeal to the court of
17 jurisdiction the disclosure of such confidential supervisory
18 information and seek a stay of the subpoena pending the
19 outcome of the appeal. Reports required of regulated persons
20 by the Secretary under this Act and results of examinations
21 performed by the Secretary under this Act shall be the
22 property of only the Secretary but may be shared with the
23 regulated person. Access under this Act to the books and
24 records of each regulated person shall be limited to the
25 Secretary and his agents as provided in this Act and to the
26 regulated person and its authorized agents and designees. No

1 other person shall have access to the books and records of a
2 regulated person under this Act. Any person upon whom a demand
3 for production of confidential supervisory information is
4 made, whether by subpoena, order, or other judicial or
5 administrative process, must withhold production of the
6 confidential supervisory information and must notify the
7 Secretary of the demand, at which time the Secretary is
8 authorized to intervene for the purpose of enforcing the
9 limitations of this Section or seeking the withdrawal or
10 termination of the attempt to compel production of the
11 confidential supervisory information. The Secretary may impose
12 any conditions and limitations on the disclosure of
13 confidential supervisory information that are necessary to
14 protect the confidentiality of such information. Except as
15 authorized by the Secretary, no person obtaining access to
16 confidential supervisory information may make a copy of the
17 confidential supervisory information. The Secretary may
18 condition a decision to disclose confidential supervisory
19 information on entry of a protective order by the court or
20 administrative tribunal presiding in the particular case or on
21 a written agreement of confidentiality. In a case in which a
22 protective order or agreement has already been entered between
23 parties other than the Secretary, the Secretary may
24 nevertheless condition approval for release of confidential
25 supervisory information upon the inclusion of additional or
26 amended provisions in the protective order. The Secretary may

1 authorize a party who obtained the records for use in one case
2 to provide them to another party in another case, subject to
3 any conditions that the Secretary may impose on either or both
4 parties. The requester shall promptly notify other parties to
5 a case of the release of confidential supervisory information
6 obtained and, upon entry of a protective order, shall provide
7 copies of confidential supervisory information to the other
8 parties.

9 (f) The Secretary is authorized to enter agreements or
10 sharing arrangements with other governmental agencies,
11 providers of any multistate licensing system, or associations
12 or organizations representing governmental agencies or
13 providers of any multistate licensing system. Notwithstanding
14 the foregoing, the provisions of this Section shall apply
15 regardless of the existence of any such agreement or sharing
16 arrangement.

17 (g) This Section in no way limits any right, privilege, or
18 authority that the Department has pursuant to any other
19 applicable law. This Section does not in any way limit any
20 privilege arising under federal or state law or other
21 exemption from disclosure pursuant to the Freedom of
22 Information Act.

23 (h) Notwithstanding the foregoing, whenever the Secretary
24 determines, in his or her sole discretion, that it is in the
25 public's interest, he or she may publicly disclose information
26 or documents obtained under this Act, unless otherwise

1 prohibited by law.

2 Section 30-10. Additional rulemaking authority.

3 (a) In addition to such powers and rulemaking authority as
4 may be prescribed elsewhere in this Act or other financial
5 laws administered by the Department, the Department is hereby
6 authorized and empowered to adopt rules consistent with the
7 purposes of this Act, including, but not limited to:

8 (1) rules in connection with the activities of covered
9 persons, affiliates, and service providers as may be
10 necessary and appropriate for the protection of residents;

11 (2) rules to define the terms used in this Act and as
12 may be necessary and appropriate to interpret and
13 implement the provisions of this Act;

14 (3) rules as may be necessary for the administration
15 and enforcement of this Act;

16 (4) rules to set and collect fees necessary to
17 administer and enforce this Act;

18 (5) rules in connection with the activities of covered
19 persons, affiliates, and service providers as may be
20 necessary and appropriate for the safety and soundness of
21 such covered persons and affiliates and the stability of
22 the financial system in this State.

23 (b) The Secretary is hereby authorized and empowered to
24 make specific rulings, demands, and findings that he or she
25 deems necessary for the proper conduct of the registrants and

1 affiliates thereof.

2 Article 35. Miscellaneous Provisions

3 Section 35-5. No evasion.

4 (a) It shall be unlawful to engage in any device,
5 subterfuge, or pretense to willfully evade or attempt to evade
6 the requirements of this Act or any rule or order issued by the
7 Department hereunder.

8 (b) Any financial product, service, or transaction that is
9 willfully structured to evade or attempt to evade the
10 definitions of digital asset or digital asset business
11 activity is a digital asset or digital asset business
12 activity, respectively, for purposes of this Act.

13 Section 35-10. Construction; severability.

14 (a) The provisions of this Act shall be liberally
15 construed to effectuate its purposes.

16 (b) The provisions of this Act are severable under Section
17 1.31 of the Statute on Statutes.

18 (c) To the extent that any provision of this Act is
19 preempted by federal law, the provision shall not apply and
20 shall not be enforced solely as to the extent of the preemption
21 and not as to other circumstances, persons, or applications.

22 Section 35-15. Transition period.

1 (a) A covered person engaging in digital asset business
2 activity without a registration under this Act shall not be
3 considered in violation of Section 15-5 or 5-25 until July 1,
4 2027.

5 (b) A covered person engaging in digital asset business
6 activity shall not be considered in violation of Sections 5-5,
7 5-10, and 5-20 until January 1, 2027.

8 (c) A covered exchange shall not be considered in
9 violation of Section 5-15 until January 1, 2027.

10 (d) Notwithstanding the foregoing, the Department may
11 adopt rules pursuant to this Act upon this Act becoming law
12 with such rules not to take effect earlier than January 1,
13 2026."

14 Article 90. Amendatory provisions

15 Section 90-5. The Freedom of Information Act is amended by
16 changing Section 7.5 as follows:

17 (5 ILCS 140/7.5)

18 Sec. 7.5. Statutory exemptions. To the extent provided for
19 by the statutes referenced below, the following shall be
20 exempt from inspection and copying:

21 (a) All information determined to be confidential
22 under Section 4002 of the Technology Advancement and
23 Development Act.

1 (b) Library circulation and order records identifying
2 library users with specific materials under the Library
3 Records Confidentiality Act.

4 (c) Applications, related documents, and medical
5 records received by the Experimental Organ Transplantation
6 Procedures Board and any and all documents or other
7 records prepared by the Experimental Organ Transplantation
8 Procedures Board or its staff relating to applications it
9 has received.

10 (d) Information and records held by the Department of
11 Public Health and its authorized representatives relating
12 to known or suspected cases of sexually transmitted
13 infection or any information the disclosure of which is
14 restricted under the Illinois Sexually Transmitted
15 Infection Control Act.

16 (e) Information the disclosure of which is exempted
17 under Section 30 of the Radon Industry Licensing Act.

18 (f) Firm performance evaluations under Section 55 of
19 the Architectural, Engineering, and Land Surveying
20 Qualifications Based Selection Act.

21 (g) Information the disclosure of which is restricted
22 and exempted under Section 50 of the Illinois Prepaid
23 Tuition Act.

24 (h) Information the disclosure of which is exempted
25 under the State Officials and Employees Ethics Act, and
26 records of any lawfully created State or local inspector

1 general's office that would be exempt if created or
2 obtained by an Executive Inspector General's office under
3 that Act.

4 (i) Information contained in a local emergency energy
5 plan submitted to a municipality in accordance with a
6 local emergency energy plan ordinance that is adopted
7 under Section 11-21.5-5 of the Illinois Municipal Code.

8 (j) Information and data concerning the distribution
9 of surcharge moneys collected and remitted by carriers
10 under the Emergency Telephone System Act.

11 (k) Law enforcement officer identification information
12 or driver identification information compiled by a law
13 enforcement agency or the Department of Transportation
14 under Section 11-212 of the Illinois Vehicle Code.

15 (l) Records and information provided to a residential
16 health care facility resident sexual assault and death
17 review team or the Executive Council under the Abuse
18 Prevention Review Team Act.

19 (m) Information provided to the predatory lending
20 database created pursuant to Article 3 of the Residential
21 Real Property Disclosure Act, except to the extent
22 authorized under that Article.

23 (n) Defense budgets and petitions for certification of
24 compensation and expenses for court appointed trial
25 counsel as provided under Sections 10 and 15 of the
26 Capital Crimes Litigation Act (repealed). This subsection

1 (n) shall apply until the conclusion of the trial of the
2 case, even if the prosecution chooses not to pursue the
3 death penalty prior to trial or sentencing.

4 (o) Information that is prohibited from being
5 disclosed under Section 4 of the Illinois Health and
6 Hazardous Substances Registry Act.

7 (p) Security portions of system safety program plans,
8 investigation reports, surveys, schedules, lists, data, or
9 information compiled, collected, or prepared by or for the
10 Department of Transportation under Sections 2705-300 and
11 2705-616 of the Department of Transportation Law of the
12 Civil Administrative Code of Illinois, the Regional
13 Transportation Authority under Section 2.11 of the
14 Regional Transportation Authority Act, or the St. Clair
15 County Transit District under the Bi-State Transit Safety
16 Act (repealed).

17 (q) Information prohibited from being disclosed by the
18 Personnel Record Review Act.

19 (r) Information prohibited from being disclosed by the
20 Illinois School Student Records Act.

21 (s) Information the disclosure of which is restricted
22 under Section 5-108 of the Public Utilities Act.

23 (t) (Blank).

24 (u) Records and information provided to an independent
25 team of experts under the Developmental Disability and
26 Mental Health Safety Act (also known as Brian's Law).

1 (v) Names and information of people who have applied
2 for or received Firearm Owner's Identification Cards under
3 the Firearm Owners Identification Card Act or applied for
4 or received a concealed carry license under the Firearm
5 Concealed Carry Act, unless otherwise authorized by the
6 Firearm Concealed Carry Act; and databases under the
7 Firearm Concealed Carry Act, records of the Concealed
8 Carry Licensing Review Board under the Firearm Concealed
9 Carry Act, and law enforcement agency objections under the
10 Firearm Concealed Carry Act.

11 (v-5) Records of the Firearm Owner's Identification
12 Card Review Board that are exempted from disclosure under
13 Section 10 of the Firearm Owners Identification Card Act.

14 (w) Personally identifiable information which is
15 exempted from disclosure under subsection (g) of Section
16 19.1 of the Toll Highway Act.

17 (x) Information which is exempted from disclosure
18 under Section 5-1014.3 of the Counties Code or Section
19 8-11-21 of the Illinois Municipal Code.

20 (y) Confidential information under the Adult
21 Protective Services Act and its predecessor enabling
22 statute, the Elder Abuse and Neglect Act, including
23 information about the identity and administrative finding
24 against any caregiver of a verified and substantiated
25 decision of abuse, neglect, or financial exploitation of
26 an eligible adult maintained in the Registry established

1 under Section 7.5 of the Adult Protective Services Act.

2 (z) Records and information provided to a fatality
3 review team or the Illinois Fatality Review Team Advisory
4 Council under Section 15 of the Adult Protective Services
5 Act.

6 (aa) Information which is exempted from disclosure
7 under Section 2.37 of the Wildlife Code.

8 (bb) Information which is or was prohibited from
9 disclosure by the Juvenile Court Act of 1987.

10 (cc) Recordings made under the Law Enforcement
11 Officer-Worn Body Camera Act, except to the extent
12 authorized under that Act.

13 (dd) Information that is prohibited from being
14 disclosed under Section 45 of the Condominium and Common
15 Interest Community Ombudsperson Act.

16 (ee) Information that is exempted from disclosure
17 under Section 30.1 of the Pharmacy Practice Act.

18 (ff) Information that is exempted from disclosure
19 under the Revised Uniform Unclaimed Property Act.

20 (gg) Information that is prohibited from being
21 disclosed under Section 7-603.5 of the Illinois Vehicle
22 Code.

23 (hh) Records that are exempt from disclosure under
24 Section 1A-16.7 of the Election Code.

25 (ii) Information which is exempted from disclosure
26 under Section 2505-800 of the Department of Revenue Law of

1 the Civil Administrative Code of Illinois.

2 (jj) Information and reports that are required to be
3 submitted to the Department of Labor by registering day
4 and temporary labor service agencies but are exempt from
5 disclosure under subsection (a-1) of Section 45 of the Day
6 and Temporary Labor Services Act.

7 (kk) Information prohibited from disclosure under the
8 Seizure and Forfeiture Reporting Act.

9 (ll) Information the disclosure of which is restricted
10 and exempted under Section 5-30.8 of the Illinois Public
11 Aid Code.

12 (mm) Records that are exempt from disclosure under
13 Section 4.2 of the Crime Victims Compensation Act.

14 (nn) Information that is exempt from disclosure under
15 Section 70 of the Higher Education Student Assistance Act.

16 (oo) Communications, notes, records, and reports
17 arising out of a peer support counseling session
18 prohibited from disclosure under the First Responders
19 Suicide Prevention Act.

20 (pp) Names and all identifying information relating to
21 an employee of an emergency services provider or law
22 enforcement agency under the First Responders Suicide
23 Prevention Act.

24 (qq) Information and records held by the Department of
25 Public Health and its authorized representatives collected
26 under the Reproductive Health Act.

1 (rr) Information that is exempt from disclosure under
2 the Cannabis Regulation and Tax Act.

3 (ss) Data reported by an employer to the Department of
4 Human Rights pursuant to Section 2-108 of the Illinois
5 Human Rights Act.

6 (tt) Recordings made under the Children's Advocacy
7 Center Act, except to the extent authorized under that
8 Act.

9 (uu) Information that is exempt from disclosure under
10 Section 50 of the Sexual Assault Evidence Submission Act.

11 (vv) Information that is exempt from disclosure under
12 subsections (f) and (j) of Section 5-36 of the Illinois
13 Public Aid Code.

14 (wv) Information that is exempt from disclosure under
15 Section 16.8 of the State Treasurer Act.

16 (xx) Information that is exempt from disclosure or
17 information that shall not be made public under the
18 Illinois Insurance Code.

19 (yy) Information prohibited from being disclosed under
20 the Illinois Educational Labor Relations Act.

21 (zz) Information prohibited from being disclosed under
22 the Illinois Public Labor Relations Act.

23 (aaa) Information prohibited from being disclosed
24 under Section 1-167 of the Illinois Pension Code.

25 (bbb) Information that is prohibited from disclosure
26 by the Illinois Police Training Act and the Illinois State

1 Police Act.

2 (ccc) Records exempt from disclosure under Section
3 2605-304 of the Illinois State Police Law of the Civil
4 Administrative Code of Illinois.

5 (ddd) Information prohibited from being disclosed
6 under Section 35 of the Address Confidentiality for
7 Victims of Domestic Violence, Sexual Assault, Human
8 Trafficking, or Stalking Act.

9 (eee) Information prohibited from being disclosed
10 under subsection (b) of Section 75 of the Domestic
11 Violence Fatality Review Act.

12 (fff) Images from cameras under the Expressway Camera
13 Act. This subsection (fff) is inoperative on and after
14 July 1, 2025.

15 (ggg) Information prohibited from disclosure under
16 paragraph (3) of subsection (a) of Section 14 of the Nurse
17 Agency Licensing Act.

18 (hhh) Information submitted to the Illinois State
19 Police in an affidavit or application for an assault
20 weapon endorsement, assault weapon attachment endorsement,
21 .50 caliber rifle endorsement, or .50 caliber cartridge
22 endorsement under the Firearm Owners Identification Card
23 Act.

24 (iii) Data exempt from disclosure under Section 50 of
25 the School Safety Drill Act.

26 (jjj) Information exempt from disclosure under Section

1 30 of the Insurance Data Security Law.

2 (kkk) Confidential business information prohibited
3 from disclosure under Section 45 of the Paint Stewardship
4 Act.

5 (lll) Data exempt from disclosure under Section
6 2-3.196 of the School Code.

7 (mmm) Information prohibited from being disclosed
8 under subsection (e) of Section 1-129 of the Illinois
9 Power Agency Act.

10 (nnn) Materials received by the Department of Commerce
11 and Economic Opportunity that are confidential under the
12 Music and Musicians Tax Credit and Jobs Act.

13 (ooo) Data or information provided pursuant to Section
14 20 of the Statewide Recycling Needs and Assessment Act.

15 (ppp) Information that is exempt from disclosure under
16 Section 28-11 of the Lawful Health Care Activity Act.

17 (qqq) Information that is exempt from disclosure under
18 Section 7-101 of the Illinois Human Rights Act.

19 (rrr) Information prohibited from being disclosed
20 under Section 4-2 of the Uniform Money Transmission
21 Modernization Act.

22 (sss) Information exempt from disclosure under Section
23 40 of the Student-Athlete Endorsement Rights Act.

24 (ttt) Audio recordings made under Section 30 of the
25 Illinois State Police Act, except to the extent authorized
26 under that Section.

1 (uuu) Information prohibited from being disclosed
2 under Section 30-5 of the Digital Assets Regulation Act.

3 (Source: P.A. 102-36, eff. 6-25-21; 102-237, eff. 1-1-22;
4 102-292, eff. 1-1-22; 102-520, eff. 8-20-21; 102-559, eff.
5 8-20-21; 102-813, eff. 5-13-22; 102-946, eff. 7-1-22;
6 102-1042, eff. 6-3-22; 102-1116, eff. 1-10-23; 103-8, eff.
7 6-7-23; 103-34, eff. 6-9-23; 103-142, eff. 1-1-24; 103-372,
8 eff. 1-1-24; 103-472, eff. 8-1-24; 103-508, eff. 8-4-23;
9 103-580, eff. 12-8-23; 103-592, eff. 6-7-24; 103-605, eff.
10 7-1-24; 103-636, eff. 7-1-24; 103-724, eff. 1-1-25; 103-786,
11 eff. 8-7-24; 103-859, eff. 8-9-24; 103-991, eff. 8-9-24;
12 103-1049, eff. 8-9-24; 103-1081, eff. 3-21-25.)

13 Section 90-10. The State Finance Act is amended by adding
14 Section 5.1030 as follows:

15 (30 ILCS 105/5.1030 new)

16 Sec. 5.1030. The Consumer Protection Fund.

17 Section 90-15. The Illinois Banking Act is amended by
18 changing Sections 2 and 30 as follows:

19 (205 ILCS 5/2) (from Ch. 17, par. 302)

20 Sec. 2. General definitions. In this Act, unless the
21 context otherwise requires, the following words and phrases
22 shall have the following meanings:

1 "Accommodation party" shall have the meaning ascribed to
2 that term in Section 3-419 of the Uniform Commercial Code.

3 "Action" in the sense of a judicial proceeding includes
4 recoupments, counterclaims, set-off, and any other proceeding
5 in which rights are determined.

6 "Affiliate facility" of a bank means a main banking
7 premises or branch of another commonly owned bank. The main
8 banking premises or any branch of a bank may be an "affiliate
9 facility" with respect to one or more other commonly owned
10 banks.

11 "Appropriate federal banking agency" means the Federal
12 Deposit Insurance Corporation, the Federal Reserve Bank of
13 Chicago, or the Federal Reserve Bank of St. Louis, as
14 determined by federal law.

15 "Bank" means any person doing a banking business whether
16 subject to the laws of this or any other jurisdiction.

17 A "banking house", "branch", "branch bank", or "branch
18 office" shall mean any place of business of a bank at which
19 deposits are received, checks paid, or loans made, but shall
20 not include any place at which only records thereof are made,
21 posted, or kept. A place of business at which deposits are
22 received, checks paid, or loans made shall not be deemed to be
23 a branch, branch bank, or branch office if the place of
24 business is adjacent to and connected with the main banking
25 premises, or if it is separated from the main banking premises
26 by not more than an alley; provided always that (i) if the

1 place of business is separated by an alley from the main
2 banking premises there is a connection between the two by
3 public or private way or by subterranean or overhead passage,
4 and (ii) if the place of business is in a building not wholly
5 occupied by the bank, the place of business shall not be within
6 any office or room in which any other business or service of
7 any kind or nature other than the business of the bank is
8 conducted or carried on. A place of business at which deposits
9 are received, checks paid, or loans made shall not be deemed to
10 be a branch, branch bank, or branch office (i) of any bank if
11 the place is a terminal established and maintained in
12 accordance with paragraph (17) of Section 5 of this Act, or
13 (ii) of a commonly owned bank by virtue of transactions
14 conducted at that place on behalf of the other commonly owned
15 bank under paragraph (23) of Section 5 of this Act if the place
16 is an affiliate facility with respect to the other bank.

17 "Branch of an out-of-state bank" means a branch
18 established or maintained in Illinois by an out-of-state bank
19 as a result of a merger between an Illinois bank and the
20 out-of-state bank that occurs on or after May 31, 1997, or any
21 branch established by the out-of-state bank following the
22 merger.

23 "Bylaws" means the bylaws of a bank that are adopted by the
24 bank's board of directors or shareholders for the regulation
25 and management of the bank's affairs. If the bank operates as a
26 limited liability company, however, "bylaws" means the

1 operating agreement of the bank.

2 "Call report fee" means the fee to be paid to the
3 Commissioner by each State bank pursuant to paragraph (a) of
4 subsection (3) of Section 48 of this Act.

5 "Capital" includes the aggregate of outstanding capital
6 stock and preferred stock.

7 "Cash flow reserve account" means the account within the
8 books and records of the Commissioner of Banks and Real Estate
9 used to record funds designated to maintain a reasonable Bank
10 and Trust Company Fund operating balance to meet agency
11 obligations on a timely basis.

12 "Charter" includes the original charter and all amendments
13 thereto and articles of merger or consolidation.

14 "Commissioner" means the Commissioner of Banks and Real
15 Estate, except that beginning on April 6, 2009 (the effective
16 date of Public Act 95-1047), all references in this Act to the
17 Commissioner of Banks and Real Estate are deemed, in
18 appropriate contexts, to be references to the Secretary of
19 Financial and Professional Regulation.

20 "Commonly owned banks" means 2 or more banks that each
21 qualify as a bank subsidiary of the same bank holding company
22 pursuant to Section 18 of the Federal Deposit Insurance Act;
23 "commonly owned bank" refers to one of a group of commonly
24 owned banks but only with respect to one or more of the other
25 banks in the same group.

26 "Community" means a city, village, or incorporated town

1 and also includes the area served by the banking offices of a
2 bank, but need not be limited or expanded to conform to the
3 geographic boundaries of units of local government.

4 "Company" means a corporation, limited liability company,
5 partnership, business trust, association, or similar
6 organization and, unless specifically excluded, includes a
7 "State bank" and a "bank".

8 "Consolidating bank" means a party to a consolidation.

9 "Consolidation" takes place when 2 or more banks, or a
10 trust company and a bank, are extinguished and by the same
11 process a new bank is created, taking over the assets and
12 assuming the liabilities of the banks or trust company passing
13 out of existence.

14 "Continuing bank" means a merging bank, the charter of
15 which becomes the charter of the resulting bank.

16 "Converting bank" means a State bank converting to become
17 a national bank, or a national bank converting to become a
18 State bank.

19 "Converting trust company" means a trust company
20 converting to become a State bank.

21 "Court" means a court of competent jurisdiction.

22 "Director" means a member of the board of directors of a
23 bank. In the case of a manager-managed limited liability
24 company, however, "director" means a manager of the bank and,
25 in the case of a member-managed limited liability company,
26 "director" means a member of the bank. The term "director"

1 does not include an advisory director, honorary director,
2 director emeritus, or similar person, unless the person is
3 otherwise performing functions similar to those of a member of
4 the board of directors.

5 "Director of Banking" means the Director of the Division
6 of Banking of the Department of Financial and Professional
7 Regulation.

8 "Eligible depository institution" means an insured savings
9 association that is in default, an insured savings association
10 that is in danger of default, a State or national bank that is
11 in default or a State or national bank that is in danger of
12 default, as those terms are defined in this Section, or a new
13 bank as that term is defined in Section 11(m) of the Federal
14 Deposit Insurance Act or a bridge bank as that term is defined
15 in Section 11(n) of the Federal Deposit Insurance Act or a new
16 federal savings association authorized under Section
17 11(d) (2) (f) of the Federal Deposit Insurance Act.

18 "Fiduciary" means trustee, agent, executor, administrator,
19 committee, guardian for a minor or for a person under legal
20 disability, receiver, trustee in bankruptcy, assignee for
21 creditors, or any holder of similar position of trust.

22 "Financial institution" means a bank, savings bank,
23 savings and loan association, credit union, or any licensee
24 under the Consumer Installment Loan Act or the Sales Finance
25 Agency Act and, for purposes of Section 48.3, any proprietary
26 network, funds transfer corporation, or other entity providing

1 electronic funds transfer services, or any corporate
2 fiduciary, its subsidiaries, affiliates, parent company, or
3 contractual service provider that is examined by the
4 Commissioner. For purposes of Section 5c and subsection (b) of
5 Section 13 of this Act, "financial institution" includes any
6 proprietary network, funds transfer corporation, or other
7 entity providing electronic funds transfer services, and any
8 corporate fiduciary.

9 "Foundation" means the Illinois Bank Examiners' Education
10 Foundation.

11 "General obligation" means a bond, note, debenture,
12 security, or other instrument evidencing an obligation of the
13 government entity that is the issuer that is supported by the
14 full available resources of the issuer, the principal and
15 interest of which is payable in whole or in part by taxation.

16 "Guarantee" means an undertaking or promise to answer for
17 payment of another's debt or performance of another's duty,
18 liability, or obligation whether "payment guaranteed" or
19 "collection guaranteed".

20 "In danger of default" means a State or national bank, a
21 federally chartered insured savings association, or an
22 Illinois state chartered insured savings association with
23 respect to which the Commissioner or the appropriate federal
24 banking agency has advised the Federal Deposit Insurance
25 Corporation that:

26 (1) in the opinion of the Commissioner or the

1 appropriate federal banking agency,

2 (A) the State or national bank or insured savings
3 association is not likely to be able to meet the
4 demands of the State or national bank's or savings
5 association's obligations in the normal course of
6 business; and

7 (B) there is no reasonable prospect that the State
8 or national bank or insured savings association will
9 be able to meet those demands or pay those obligations
10 without federal assistance; or

11 (2) in the opinion of the Commissioner or the
12 appropriate federal banking agency,

13 (A) the State or national bank or insured savings
14 association has incurred or is likely to incur losses
15 that will deplete all or substantially all of its
16 capital; and

17 (B) there is no reasonable prospect that the
18 capital of the State or national bank or insured
19 savings association will be replenished without
20 federal assistance.

21 "In default" means, with respect to a State or national
22 bank or an insured savings association, any adjudication or
23 other official determination by any court of competent
24 jurisdiction, the Commissioner, the appropriate federal
25 banking agency, or other public authority pursuant to which a
26 conservator, receiver, or other legal custodian is appointed

1 for a State or national bank or an insured savings
2 association.

3 "Insured savings association" means any federal savings
4 association chartered under Section 5 of the federal Home
5 Owners' Loan Act and any State savings association chartered
6 under the Illinois Savings and Loan Act of 1985 or a
7 predecessor Illinois statute, the deposits of which are
8 insured by the Federal Deposit Insurance Corporation. The term
9 also includes a savings bank organized or operating under the
10 Savings Bank Act.

11 "Insured savings association in recovery" means an insured
12 savings association that is not an eligible depository
13 institution and that does not meet the minimum capital
14 requirements applicable with respect to the insured savings
15 association.

16 "Issuer" means for purposes of Section 33 every person who
17 shall have issued or proposed to issue any security; except
18 that (1) with respect to certificates of deposit, voting trust
19 certificates, collateral-trust certificates, and certificates
20 of interest or shares in an unincorporated investment trust
21 not having a board of directors (or persons performing similar
22 functions), "issuer" means the person or persons performing
23 the acts and assuming the duties of depositor or manager
24 pursuant to the provisions of the trust, agreement, or
25 instrument under which the securities are issued; (2) with
26 respect to trusts other than those specified in clause (1)

1 above, where the trustee is a corporation authorized to accept
2 and execute trusts, "issuer" means the entrusters, depositors,
3 or creators of the trust and any manager or committee charged
4 with the general direction of the affairs of the trust
5 pursuant to the provisions of the agreement or instrument
6 creating the trust; and (3) with respect to equipment trust
7 certificates or like securities, "issuer" means the person to
8 whom the equipment or property is or is to be leased or
9 conditionally sold.

10 "Letter of credit" and "customer" shall have the meanings
11 ascribed to those terms in Section 5-102 of the Uniform
12 Commercial Code.

13 "Main banking premises" means the location that is
14 designated in a bank's charter as its main office.

15 "Maker or obligor" means for purposes of Section 33 the
16 issuer of a security, the promisor in a debenture or other debt
17 security, or the mortgagor or grantor of a trust deed or
18 similar conveyance of a security interest in real or personal
19 property.

20 "Merged bank" means a merging bank that is not the
21 continuing, resulting, or surviving bank in a consolidation or
22 merger.

23 "Merger" includes consolidation.

24 "Merging bank" means a party to a bank merger.

25 "Merging trust company" means a trust company party to a
26 merger with a State bank.

1 "Mid-tier bank holding company" means a corporation that
2 (a) owns 100% of the issued and outstanding shares of each
3 class of stock of a State bank, (b) has no other subsidiaries,
4 and (c) 100% of the issued and outstanding shares of the
5 corporation are owned by a parent bank holding company.

6 "Municipality" means any municipality, political
7 subdivision, school district, taxing district, or agency.

8 "National bank" means a national banking association
9 located in this State and after May 31, 1997, means a national
10 banking association without regard to its location.

11 "Out-of-state bank" means a bank chartered under the laws
12 of a state other than Illinois, a territory of the United
13 States, or the District of Columbia.

14 "Parent bank holding company" means a corporation that is
15 a bank holding company as that term is defined in the Illinois
16 Bank Holding Company Act of 1957 and owns 100% of the issued
17 and outstanding shares of a mid-tier bank holding company.

18 "Person" means an individual, corporation, limited
19 liability company, partnership, joint venture, trust, estate,
20 or unincorporated association.

21 "Public agency" means the State of Illinois, the various
22 counties, townships, cities, towns, villages, school
23 districts, educational service regions, special road
24 districts, public water supply districts, fire protection
25 districts, drainage districts, levee districts, sewer
26 districts, housing authorities, the Illinois Bank Examiners'

1 Education Foundation, the Chicago Park District, and all other
2 political corporations or subdivisions of the State of
3 Illinois, whether now or hereafter created, whether herein
4 specifically mentioned or not, and shall also include any
5 other state or any political corporation or subdivision of
6 another state.

7 "Public funds" or "public money" means current operating
8 funds, special funds, interest and sinking funds, and funds of
9 any kind or character belonging to, in the custody of, or
10 subject to the control or regulation of the United States or a
11 public agency. "Public funds" or "public money" shall include
12 funds held by any of the officers, agents, or employees of the
13 United States or of a public agency in the course of their
14 official duties and, with respect to public money of the
15 United States, shall include Postal Savings funds.

16 "Published" means, unless the context requires otherwise,
17 the publishing of the notice or instrument referred to in some
18 newspaper of general circulation in the community in which the
19 bank is located at least once each week for 3 successive weeks.
20 Publishing shall be accomplished by, and at the expense of,
21 the bank required to publish. Where publishing is required,
22 the bank shall submit to the Commissioner that evidence of the
23 publication as the Commissioner shall deem appropriate.

24 "Qualified financial contract" means any security
25 contract, commodity contract, forward contract, including spot
26 and forward foreign exchange contracts, repurchase agreement,

1 swap agreement, and any similar agreement, any option to enter
2 into any such agreement, including any combination of the
3 foregoing, and any master agreement for such agreements. A
4 master agreement, together with all supplements thereto, shall
5 be treated as one qualified financial contract. The contract,
6 option, agreement, or combination of contracts, options, or
7 agreements shall be reflected upon the books, accounts, or
8 records of the bank, or a party to the contract shall provide
9 documentary evidence of such agreement.

10 "Recorded" means the filing or recording of the notice or
11 instrument referred to in the office of the Recorder of the
12 county wherein the bank is located.

13 "Resulting bank" means the bank resulting from a merger or
14 conversion.

15 "Secretary" means the Secretary of Financial and
16 Professional Regulation, or a person authorized by the
17 Secretary or by this Act to act in the Secretary's stead.

18 "Securities" means stocks, bonds, debentures, notes, or
19 other similar obligations.

20 "Special purpose trust company" means a special purpose
21 trust company under Article IIA of the Corporate Fiduciary
22 Act.

23 "Stand-by letter of credit" means a letter of credit under
24 which drafts are payable upon the condition the customer has
25 defaulted in performance of a duty, liability, or obligation.

26 "State bank" means any banking corporation that has a

1 banking charter issued by the Commissioner under this Act.

2 "State Banking Board" means the State Banking Board of
3 Illinois.

4 "Subsidiary" with respect to a specified company means a
5 company that is controlled by the specified company. For
6 purposes of paragraphs (8) and (12) of Section 5 of this Act,
7 "control" means the exercise of operational or managerial
8 control of a corporation by the bank, either alone or together
9 with other affiliates of the bank.

10 "Surplus" means the aggregate of (i) amounts paid in
11 excess of the par value of capital stock and preferred stock;
12 (ii) amounts contributed other than for capital stock and
13 preferred stock and allocated to the surplus account; and
14 (iii) amounts transferred from undivided profits.

15 "Tier 1 Capital" and "Tier 2 Capital" have the meanings
16 assigned to those terms in regulations promulgated for the
17 appropriate federal banking agency of a state bank, as those
18 regulations are now or hereafter amended.

19 "Trust company" means a limited liability company or
20 corporation incorporated in this State for the purpose of
21 accepting and executing trusts.

22 "Undivided profits" means undistributed earnings less
23 discretionary transfers to surplus.

24 "Unimpaired capital and unimpaired surplus", for the
25 purposes of paragraph (21) of Section 5 and Sections 32, 33,
26 34, 35.1, 35.2, and 47 of this Act means the sum of the state

1 bank's Tier 1 Capital and Tier 2 Capital plus such other
2 shareholder equity as may be included by regulation of the
3 Commissioner. Unimpaired capital and unimpaired surplus shall
4 be calculated on the basis of the date of the last quarterly
5 call report filed with the Commissioner preceding the date of
6 the transaction for which the calculation is made, provided
7 that: (i) when a material event occurs after the date of the
8 last quarterly call report filed with the Commissioner that
9 reduces or increases the bank's unimpaired capital and
10 unimpaired surplus by 10% or more, then the unimpaired capital
11 and unimpaired surplus shall be calculated from the date of
12 the material event for a transaction conducted after the date
13 of the material event; and (ii) if the Commissioner determines
14 for safety and soundness reasons that a state bank should
15 calculate unimpaired capital and unimpaired surplus more
16 frequently than provided by this paragraph, the Commissioner
17 may by written notice direct the bank to calculate unimpaired
18 capital and unimpaired surplus at a more frequent interval. In
19 the case of a state bank newly chartered under Section 13 or a
20 state bank resulting from a merger, consolidation, or
21 conversion under Sections 21 through 26 for which no preceding
22 quarterly call report has been filed with the Commissioner,
23 unimpaired capital and unimpaired surplus shall be calculated
24 for the first calendar quarter on the basis of the effective
25 date of the charter, merger, consolidation, or conversion.

26 (Source: P.A. 95-924, eff. 8-26-08; 95-1047, eff. 4-6-09;

1 96-1000, eff. 7-2-10; 96-1163, eff. 1-1-11; revised 8-6-24.)

2 (205 ILCS 5/30) (from Ch. 17, par. 337)

3 Sec. 30. Conversion; merger with trust company or special
4 purpose trust company. Upon approval by the Commissioner a
5 trust company having power so to do under the law under which
6 it is organized may convert into a state bank or may merge into
7 a state bank as prescribed by this Act; except that the action
8 by a trust company shall be taken in the manner prescribed by
9 and shall be subject to limitations and requirements imposed
10 by the law under which it is organized which law shall also
11 govern the rights of its dissenting stockholders. The rights
12 of dissenting stockholders of a state bank shall be governed
13 by Section 29 of this Act. The conversion or merger procedure
14 shall be:

15 (1) In the case of a merger, the board of directors of both
16 the merging trust company and the merging bank by a majority of
17 the entire board in each case shall approve a merger agreement
18 which shall contain:

19 (a) The name and location of the merging bank and of
20 the merging trust company and a list of the stockholders
21 of each as of the date of the merger agreement;

22 (b) With respect to the resulting bank (i) its name
23 and place of business; (ii) the amount of capital, surplus
24 and reserve for operating expenses; (iii) the classes and
25 the number of shares of stock and the par value of each

1 share; (iv) the charter which is to be the charter of the
2 resulting bank, together with the amendments to the
3 continuing charter and to the continuing by-laws; and (v)
4 a detailed financial statement showing the assets and
5 liabilities after the proposed merger;

6 (c) Provisions governing the manner of converting the
7 shares of the merging bank and of the merging trust
8 company into shares of the resulting bank;

9 (d) A statement that the merger agreement is subject
10 to approval by the Commissioner and by the stockholders of
11 the merging bank and the merging trust company, and that
12 whether approved or disapproved, the parties thereto will
13 pay the Commissioner's expenses of examination;

14 (e) Provisions governing the manner of disposing of
15 the shares of the resulting bank not taken by the
16 dissenting stockholders of the merging trust company; and

17 (f) Such other provisions as the Commissioner may
18 reasonably require to enable him to discharge his duties
19 with respect to the merger.

20 (2) After approval by the board of directors of the
21 merging bank and of the merging trust company, the merger
22 agreement shall be submitted to the Commissioner for approval
23 together with the certified copies of the authorizing
24 resolution of each board of directors showing approval by a
25 majority of each board.

26 (3) After receipt by the Commissioner of the papers

1 specified in subsection (2), he shall approve or disapprove
2 the merger agreement. The Commissioner shall not approve the
3 agreement unless he shall be of the opinion and finds:

4 (a) That the resulting bank meets the requirements of
5 this Act for the formation of a new bank at the proposed
6 place of business of the resulting bank;

7 (b) That the same matters exist in respect of the
8 resulting bank which would have been required under
9 Section 10 of this Act for the organization of a new bank;
10 and

11 (c) That the merger agreement is fair to all persons
12 affected. If the Commissioner disapproves the merger
13 agreement, he shall state his objections in writing and
14 give an opportunity to the merging bank and the merging
15 trust company to obviate such objections.

16 (4) To be effective, if approved by the Commissioner, a
17 merger of a bank and a trust company where there is to be a
18 resulting bank must be approved by the affirmative vote of the
19 holders of at least two-thirds of the outstanding shares of
20 stock of the merging bank entitled to vote at a meeting called
21 to consider such action, unless holders of preferred stock are
22 entitled to vote as a class in respect thereof, in which event
23 the proposed merger shall be adopted upon receiving the
24 affirmative vote of the holders of at least two-thirds of the
25 outstanding shares of each class of shares entitled to vote as
26 a class in respect thereof and of the total outstanding shares

1 entitled to vote at such meeting and must be approved by the
2 stockholders of the merging trust company as provided by the
3 Act under which it is organized. The prescribed vote by the
4 merging bank and the merging trust company shall constitute
5 the adoption of the charter and by-laws of the continuing
6 bank, including the amendments in the merger agreement, as the
7 charter and by-laws of the resulting bank. Written or printed
8 notice of the meeting of the stockholders of the merging bank
9 shall be given to each stockholder of record entitled to vote
10 at such meeting at least thirty days before such meeting and in
11 the manner provided in this Act for the giving of notice of
12 meetings of stockholders. The notice shall state that
13 dissenting stockholders of the merging trust company will be
14 entitled to payment of the value of those shares which are
15 voted against approval of the merger, if a proper demand is
16 made on the resulting bank and the requirements of the Act
17 under which the merging trust company is organized are
18 satisfied.

19 (5) Unless a later date is specified in the merger
20 agreement, the merger shall become effective upon the filing
21 with the Commissioner of the executed merger agreement,
22 together with copies of the resolutions of the stockholders of
23 the merging bank and the merging trust company approving it,
24 certified by the president or a vice-president or, the cashier
25 and also by the secretary or other officer charged with
26 keeping the records. The charter of the merging trust company

1 shall thereupon automatically terminate. The Commissioner
2 shall thereupon issue to the continuing bank a certificate of
3 merger which shall specify the name of the merging trust
4 company, the name of the continuing bank and the amendments to
5 the charter of the continuing bank provided for by the merger
6 agreement. Such certificate shall be conclusive evidence of
7 the merger and of the correctness of all proceedings therefor
8 in all courts and places including the office of the Secretary
9 of State, and said certificate shall be recorded.

10 (6) In the case of a conversion, a trust company shall
11 apply for a charter by filing with the Commissioner:

12 (a) A certificate signed by its president, or a
13 vice-president, and by a majority of the entire board of
14 directors setting forth the corporate action taken in
15 compliance with the provisions of the Act under which it
16 is organized governing the conversion of a trust company
17 to a bank or governing the merger of a trust company into
18 another corporation;

19 (b) The plan of conversion and the proposed charter
20 approved by the stockholders for the operation of the
21 trust company as a bank. The plan of conversion shall
22 contain (i) the name and location proposed for the
23 converting trust company; (ii) a list of its stockholders
24 as of the date of the stockholders' approval of the plan of
25 conversion; (iii) the amount of its capital, surplus and
26 reserve for operating expenses; (iv) the classes and the

1 number of shares of stock and the par value of each share;
2 (v) the charter which is to be the charter of the resulting
3 bank; and (vi) a detailed financial statement showing the
4 assets and liabilities of the converting trust company;

5 (c) A statement that the plan of conversion is subject
6 to approval by the Commissioner and that, whether approved
7 or disapproved, the converting trust company will pay the
8 Commissioner's expenses of examination; and

9 (d) Such other instruments as the Commissioner may
10 reasonably require to enable him to discharge his duties
11 with respect to the conversion.

12 (7) After receipt by the Commissioner of the papers
13 specified in subsection (6), he shall approve or disapprove
14 the plan of conversion. The Commissioner shall not approve the
15 plan of conversion unless he shall be of the opinion and finds:

16 (a) That the resulting bank meets the requirements of
17 this Act for the formation of a new bank at the proposed
18 place of business of the resulting bank;

19 (b) That the same matters exist in respect of the
20 resulting bank which would have been required under
21 Section 10 of this Act for the organization of a new bank;
22 and

23 (c) That the plan of conversion is fair to all persons
24 affected.

25 If the commissioner disapproves the plan of conversion, he
26 shall state his objections in writing and give an opportunity

1 to the converting trust company to obviate such objections.

2 (8) Unless a later date is specified in the plan of
3 conversion, the conversion shall become effective upon the
4 Commissioner's approval, and the charter proposed in the plan
5 of conversion shall constitute the charter of the resulting
6 bank. The Commissioner shall issue a certificate of conversion
7 which shall specify the name of the converting trust company,
8 the name of the resulting bank and the charter provided for by
9 said plan of conversion. Such certificate shall be conclusive
10 evidence of the conversion and of the correctness of all
11 proceedings therefor in all courts and places including the
12 office of the Secretary of State, and such certificate shall
13 be recorded.

14 (8.5) A special purpose trust company under Article IIA of
15 the Corporate Fiduciary Act may merge with a State bank or
16 convert to a State bank as if the special purpose trust company
17 were a trust company under Article II of the Corporate
18 Fiduciary Act, subject to rules adopted by the Department.

19 (9) In the case of either a merger or a conversion under
20 this Section 30, the resulting bank shall be considered the
21 same business and corporate entity as each merging bank and
22 merging trust company or as the converting trust company with
23 all the property, rights, powers, duties and obligations of
24 each as specified in Section 28 of this Act.

25 (Source: P.A. 91-357, eff. 7-29-99.)

1 Section 90-20. The Corporate Fiduciary Act is amended by
2 changing Sections 1-5.08, 2-1, 4-1, 4-2, 4-5, 4A-15, and 5-1
3 and by adding Article IIA as follows:

4 (205 ILCS 620/1-5.08) (from Ch. 17, par. 1551-5.08)

5 Sec. 1-5.08. "Foreign corporation" means:

6 (a) any bank, savings and loan association, savings bank,
7 or other corporation, limited liability company, or other
8 entity now or hereafter organized under the laws of any state
9 or territory of the United States of America, including the
10 District of Columbia, other than the State of Illinois;

11 (b) any national banking association having its principal
12 place of business in any state or territory of the United
13 States of America, including the District of Columbia, other
14 than the State of Illinois; and

15 (c) any federal savings and loan association or federal
16 savings bank having its principal place of business in any
17 state or territory of the United States of America, including
18 the District of Columbia, other than the State of Illinois.

19 (Source: P.A. 91-97, eff. 7-9-99.)

20 (205 ILCS 620/2-1) (from Ch. 17, par. 1552-1)

21 Sec. 2-1. (a) Any corporation which has been or shall be
22 incorporated under the general corporation laws of this State
23 and any limited liability company established under the
24 Limited Liability Company Act for the purpose of accepting and

1 executing trusts, and any state bank, state savings and loan
2 association, state savings bank, or other special corporation
3 now or hereafter authorized by law to accept or execute
4 trusts, may be appointed to act as a fiduciary in any capacity
5 a natural person or corporation may act, and shall include,
6 but not be limited to, acting as assignee or trustee by deed,
7 and executor, guardian or trustee by will, custodian under the
8 Illinois Uniform Transfers to Minors Act and such appointment
9 shall be of like force as in case of appointment of a natural
10 person and shall be designated a corporate fiduciary.

11 (b) No corporate fiduciary shall dissolve or cease its
12 corporate existence without prior notice to and approval by
13 the Commissioner and compliance with the requirements of
14 Section 7-1 of this Act.

15 (Source: P.A. 100-863, eff. 8-14-18.)

16 (205 ILCS 620/Art. IIA heading new)

17 ARTICLE IIA. SPECIAL PURPOSE TRUST COMPANY

18 AUTHORITY AND ORGANIZATION

19 (205 ILCS 620/2A-1 new)

20 Sec. 2A-1. Purpose. The General Assembly finds that
21 corporate fiduciaries perform a vital service in the custody,
22 safekeeping, and management of physical assets, traditional
23 electronic assets, and emerging digital assets for customers;
24 that it is in the public interest that trust companies may be

1 organized for the special purpose of providing fiduciary
2 custodial services and related services to customers; that the
3 operation of special purpose trust companies is impressed with
4 a public interest such that it should be supervised as an
5 activity under this Act; and that such special purpose trust
6 companies should obtain their authority, conduct their
7 operations, and be supervised as corporate fiduciaries as
8 provided in this Act.

9 (205 ILCS 620/2A-2 new)

10 Sec. 2A-2. Special purpose trust company. Any corporation
11 that has been or shall be incorporated under the general
12 corporation laws of this State and any limited liability
13 company established under the Limited Liability Company Act
14 for the special purpose of providing fiduciary custodial
15 services or providing other like or related services as
16 specified by rule, consistent with this Article, may be
17 appointed to act as a fiduciary with respect to such services
18 and shall be designated a special purpose trust company.

19 (205 ILCS 620/2A-3 new)

20 Sec. 2A-3. Certificate of authority.

21 (a) It shall be lawful for any person to engage in the
22 activity of a special purpose trust company after the
23 effective date of this amendatory Act of the 104th General
24 Assembly upon filing an application for and procuring from the

1 Secretary a certificate of authority stating that the person
2 has complied with the requirements of this Act and is
3 qualified to engage in the activity of a special purpose trust
4 company.

5 (b) No natural person or natural persons, firm,
6 partnership, or corporation not having been authorized under
7 this Act shall transact in the activity of a special purpose
8 trust company. A person who violates this Section is guilty of
9 a Class A misdemeanor and the Attorney General or State's
10 Attorney of the county in which the violation occurs may
11 restrain the violation by a complaint for injunctive relief.

12 (c) Any entity that holds a certificate of authority under
13 Article II of this Act may engage in the activity of a special
14 purpose trust company without applying for or receiving a
15 certificate of authority under this Article IIA.

16 (d) Nothing in this Section shall limit the authority of a
17 depository institution to provide nonfiduciary custodial
18 services consistent with its charter in accordance with
19 applicable law and subject to any limitations and restrictions
20 imposed by its chartering authority.

21 (205 ILCS 620/2A-4 new)

22 Sec. 2A-4. Rulemaking and organization.

23 (a) The Department shall adopt rules for the
24 administration of this Article, including, but not limited to:
25 rules for defining statutory terms; applying for a certificate

1 of authority; review, investigation, and approval of
2 application for certificate of authority; capital
3 requirements; office location and name; collateralizing
4 fiduciary assets; and general corporate powers. The authority
5 of this subsection (a) is in addition to, and in no way limits,
6 the authority of the Secretary under subsection (a) of Section
7 5-1.

8 (b) Articles III, V, VI, VII, VIII, and IX of this Act
9 shall apply to a special purpose trust company under this
10 Article as if the special purpose trust company were a trust
11 company authorized under Article II of this Act, subject to
12 any rules adopted by the Department.

13 (205 ILCS 620/4-1) (from Ch. 17, par. 1554-1)

14 Sec. 4-1. Foreign corporate fiduciary; certificate of
15 authority. After July 13, 1953, no foreign corporation,
16 including banks, savings banks, and savings and loan
17 associations, now or hereafter organized under the laws of any
18 other state or territory, and no national banking association
19 having its principal place of business in any other state or
20 territory or federal savings and loan association or federal
21 savings bank having its principal place of business in any
22 other state or territory, may procure a certificate of
23 authority under Article II of this Act and any certificate of
24 authority heretofore issued hereunder to any such foreign
25 corporation or to any such national banking association shall

1 become null and void on July 13, 1953, except that any such
2 foreign corporation or any such national banking association
3 actually acting as trustee, executor, administrator,
4 administrator to collect, guardian, or in any other ~~like~~
5 fiduciary capacity in this State on July 13, 1953, may
6 continue to act as such fiduciary in that particular trust or
7 estate until such time as it has completed its duties
8 thereunder. Such foreign corporation and such national banking
9 association shall be subject to the provisions in this Article
10 IV, regardless of whether its certificate of authority was
11 obtained before July 13, 1953. The right and eligibility of
12 any foreign corporation, any national banking association
13 having its principal place of business in any other state or
14 territory or any federal savings and loan association or
15 federal savings bank having its principal place of business in
16 any other state or territory hereafter to act as trustee,
17 executor, administrator, administrator to collect, guardian,
18 or in any other ~~like~~ fiduciary capacity in this State shall be
19 governed solely by the provisions of this Act. Provided,
20 however, that the Commissioner shall not be required to
21 conduct an annual examination of such foreign corporation
22 pursuant to Section 5-2 of this Act, but may examine such
23 foreign corporation as the Commissioner deems appropriate.
24 "Principal place of business" of any bank, federal savings and
25 loan association or savings bank, for purposes of this Article
26 IV, means the principal office as designated on the charter by

1 its principal regulator.

2 (Source: P.A. 91-97, eff. 7-9-99.)

3 (205 ILCS 620/4-2) (from Ch. 17, par. 1554-2)

4 Sec. 4-2. Foreign corporation; eligibility. Any foreign
5 corporation may act in this State as trustee, executor,
6 administrator, administrator to collect, guardian, or in any
7 other like fiduciary capacity, whether the appointment is by
8 will, deed, court order or otherwise, without complying with
9 any laws of this State relating to the qualification of
10 corporations organized under the laws of this State to conduct
11 a trust business or laws relating to the qualification of
12 foreign corporations, provided only (1) such foreign
13 corporation is authorized by the laws of the state of its
14 organization or domicile to act as a fiduciary in that state,
15 and (2) a corporation organized under the laws of this State, a
16 national banking association having its principal place of
17 business in this State, and a federal savings and loan
18 association or federal savings bank having its principal place
19 of business in this State and authorized to act as a fiduciary
20 in this State, may, in such other state, act in a similar
21 fiduciary capacity or capacities, as the case may be, upon
22 conditions and qualifications which the Commissioner finds are
23 not unduly restrictive when compared to those imposed by the
24 laws of Illinois. Any foreign corporation eligible to act in a
25 fiduciary capacity in this State pursuant to the provisions of

1 this Act, shall be deemed qualified to accept and execute
2 trusts in this State within the meaning of this Act and the
3 Probate Act of 1975, approved August 7, 1975, as amended. No
4 foreign corporation shall be permitted to act as trustee,
5 executor, administrator, administrator to collect, guardian or
6 in any other ~~like~~ fiduciary capacity in this State except as
7 provided in Article IV of this Act; however, any foreign
8 corporation actually acting in any such fiduciary capacity in
9 this State on July 13, 1953, although not eligible to so act
10 pursuant to the provisions of this Article IV, may continue to
11 act as fiduciary in that particular trust or estate until such
12 time as it has completed its duties thereunder.

13 (Source: P.A. 92-685, eff. 7-16-02.)

14 (205 ILCS 620/4-5) (from Ch. 17, par. 1554-5)

15 Sec. 4-5. Certificate of authority; fees; certificate of
16 reciprocity.

17 (a) Prior to the time any foreign corporation acts in this
18 State as testamentary trustee, trustee appointed by any court,
19 trustee under any written agreement, declaration or instrument
20 of trust, executor, administrator, administrator to collect,
21 guardian or in any other ~~like~~ fiduciary capacity, such foreign
22 corporation shall apply to the Commissioner of Banks and Real
23 Estate for a certificate of authority with reference to the
24 fiduciary capacity or capacities in which such foreign
25 corporation proposes to act in this State, and the

1 Commissioner of Banks and Real Estate shall issue a
2 certificate of authority to such corporation concerning only
3 the fiduciary capacity or such of the fiduciary capacities to
4 which the application pertains and with respect to which he
5 has been furnished satisfactory evidence that such foreign
6 corporation meets the requirements of Section 4-2 of this Act.
7 The certificate of authority shall set forth the fiduciary
8 capacity or capacities, as the case may be, for which the
9 certificate is issued, and shall recite and certify that such
10 foreign corporation is eligible to act in this State in such
11 fiduciary capacity or capacities, as the case may be, pursuant
12 to the provisions of this Act. The certificate of authority
13 shall remain in full force and effect until such time as such
14 foreign corporation ceases to be eligible so to act under the
15 provisions of this Act.

16 (b) Each foreign corporation making application for a
17 certificate of authority shall pay reasonable fees to the
18 Commissioner of Banks and Real Estate as determined by the
19 Commissioner for the services of his office.

20 (c) Any foreign corporation holding a certificate of
21 reciprocity which recites and certifies that such foreign
22 corporation is eligible to act in this State in any such
23 fiduciary capacity pursuant to the provisions of Article IV of
24 this Act or any predecessor Act upon the same subject, issued
25 prior to the effective date of this amendatory Act of 1987 may
26 act in this State under such certificate of reciprocity in any

1 such fiduciary capacity without applying for a new certificate
2 of authority. Such certificate of reciprocity shall remain in
3 full force and effect until such time as such foreign
4 corporation ceases to be eligible so to act under the
5 provisions of Article IV of this Act.

6 (d) Any foreign corporation acting in Illinois under a
7 certificate of authority or a certificate of reciprocity shall
8 report changes in its name or address to the Commissioner and
9 shall notify the Commissioner when it is no longer serving as a
10 corporate fiduciary in Illinois.

11 (e) The provisions of this Section shall not apply to a
12 foreign corporation establishing or acquiring and maintaining
13 a place of business in this State to conduct business as a
14 fiduciary in accordance with Article IVA of this Act.

15 (Source: P.A. 92-483, eff. 8-23-01.)

16 (205 ILCS 620/4A-15)

17 Sec. 4A-15. Representative offices.

18 (a) A foreign corporation conducting fiduciary activities
19 outside this State, but not conducting fiduciary activities in
20 this State may establish a representative office under the
21 Foreign Bank Representative Office Act. At these offices, the
22 foreign corporation may market and solicit fiduciary services
23 and provide back office and administrative support to the
24 foreign corporation's fiduciary activities, but it may not
25 engage in fiduciary activities.

1 (b) A foreign corporation invested with trust powers or
2 authority to act as a fiduciary pursuant to the laws of its
3 home state but not conducting fiduciary activities must apply
4 for and procure a license under the Foreign Bank
5 Representative Office Act before establishing an office in
6 this State for the purpose of marketing, soliciting, or
7 transacting any service or product, unless such office is
8 otherwise established as permitted by and in accordance with
9 this Act, the Illinois Banking Act, the Savings Bank Act, the
10 Foreign Banking Office Act, or any Act specified by rules
11 adopted under this Act.

12 (Source: P.A. 92-483, eff. 8-23-01; 92-811, eff. 8-21-02.)

13 (205 ILCS 620/5-1) (from Ch. 17, par. 1555-1)

14 Sec. 5-1. Commissioner's powers. The Commissioner of Banks
15 and Real Estate shall have the following powers and authority
16 and is charged with the duties and responsibilities designated
17 in this Act:

18 (a) To promulgate, in accordance with the Illinois
19 Administrative Procedure Act, reasonable rules for the purpose
20 of administering the provisions of this Act, for the purpose
21 of protecting consumers of this State as may be necessary and
22 appropriate, and for the purpose of incorporating by reference
23 rules promulgated by the Federal Deposit Insurance
24 Corporation, the Board of Governors of the Federal Reserve
25 System, the Office of the Comptroller of the Currency, the

1 Office of Thrift Supervision, or their successors that pertain
2 to corporate fiduciaries, including, but not limited to,
3 standards for the operation and conduct of the affairs of
4 corporate fiduciaries;

5 (b) To issue orders for the purpose of administering the
6 provisions of this Act and any rule promulgated in accordance
7 with this Act;

8 (c) To appoint hearing officers to conduct hearings held
9 pursuant to any of the powers granted to the Commissioner
10 under this Section for the purpose of administering this Act
11 and any rule promulgated in accordance with this Act;

12 (d) To subpoena witnesses, to compel their attendance, to
13 administer an oath, to examine any person under oath and to
14 require the production of any relevant books, papers, accounts
15 and documents in the course of and pursuant to any
16 investigation being conducted, or any action being taken, by
17 the Commissioner in respect of any matter relating to the
18 duties imposed upon, or the powers vested in, the Commissioner
19 under the provisions of this Act, or any rule or regulation
20 promulgated in accordance with this Act;

21 (e) To conduct hearings;

22 (f) To promulgate the form and content of any applications
23 required under this Act;

24 (g) To impose civil penalties of up to \$100,000 against
25 any person or corporate fiduciary for each violation of any
26 provision of this Act, any rule promulgated in accordance with

1 this Act, any order of the Commissioner or any other action
2 which, in the Commissioner's discretion, is a detriment or
3 impediment to accepting or executing trusts; and

4 (h) To address any inquiries to any corporate fiduciary,
5 or the officers thereof, in relation to its doings and
6 conditions, or any other matter connected with its affairs,
7 and it shall be the duty of any corporate fiduciary or person
8 so addressed, to promptly reply in writing to such inquiries.
9 The Commissioner may also require reports from any corporate
10 fiduciary at any time he may deem desirable.

11 (Source: P.A. 96-1365, eff. 7-28-10.)

12 Section 90-25. The Consumer Fraud and Deceptive Business
13 Practices Act is amended by adding Section 2HHHH as follows:

14 (815 ILCS 505/2HHHH new)

15 Sec. 2HHHH. Violations of the Digital Assets and Consumer
16 Protection Act. Any person who violates Article 5 of the
17 Digital Assets and Consumer Protection Act commits an unlawful
18 practice within the meaning of this Act.

19 Article 99. Non-acceleration and Effective Date

20 Section 99-95. No acceleration or delay. Where this Act
21 makes changes in a statute that is represented in this Act by
22 text that is not yet or no longer in effect (for example, a

1 Section represented by multiple versions), the use of that
2 text does not accelerate or delay the taking effect of (i) the
3 changes made by this Act or (ii) provisions derived from any
4 other Public Act.

5 Section 99-99. Effective date. This Act takes effect upon
6 becoming law.".