



Sen. Mark L. Walker

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10400SB1797sam002

LRB104 09833 BAB 24993 a

1 AMENDMENT TO SENATE BILL 1797

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1797, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Article 1. General Provisions

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

8 Section 1-5. Definitions.

9 (a) As used in this Act:

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

15 "Applicant" means a person that applies for registration

1 under this Act.

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

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

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

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

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

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

26 "Credit union" means a credit union chartered under the

1 laws of this State or any other state or under the laws of the  
2 United States.

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

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

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

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

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

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

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

1           (1) Exchanging, transferring, or storing a digital  
2           asset.

3           (2) Engaging in digital asset administration.

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

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

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

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

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

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

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

1 responsible individual, of a person.

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

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

11 "Insolvent" means any of the following:

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

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

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

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

24 "Person" includes, without limitation, any individual,  
25 corporation, business trust, estate, trust, partnership,  
26 proprietorship, syndicate, limited liability company,

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

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

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

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

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

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

17 (5) is honored upon presentation;

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

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

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

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

1 "Record" means information that is inscribed on a tangible  
2 medium or that is stored in an electronic or other medium and  
3 is retrievable in perceivable form.

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

5 "Resident" means any of the following:

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

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

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

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

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

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

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

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

1           (1) Participates in designing, operating, or  
2 maintaining the digital asset business activity.

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

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

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

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

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

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

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

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

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

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

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

17 Section 1-10. Applicability.

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

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

1 administration to the extent that:

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

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

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

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

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

1 subdivision, department, agency, or instrumentality of a  
2 foreign government.

3 (2) A federally insured depository institution.

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

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

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

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

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

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

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

9 Section 1-15. General powers and duties.

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

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

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

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

1           (2) to revoke or suspend for cause any registration or  
2 other authorization under this Act;

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

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

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

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

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

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

19           (7) to issue orders against any person:

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

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

26           (C) for the purpose of administering the

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

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

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

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

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

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

1 to digital asset business activity;

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

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

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

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

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

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

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

26 (20) to develop and implement initiatives and programs

1 to promote responsible innovation in digital asset  
2 business activity; and

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

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

11 Section 1-20. Funds.

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

25 (b) The expenses of administering this Act, including

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

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

7 (2) examination fees;

8 (3) contingent fees; and

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

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

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

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

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

15 (3) Beginning one year after the effective date of  
16 this Act, the Department may, by rule, amend the fees set  
17 forth in this subsection in accordance with this Act. The  
18 Department is authorized to consider setting fees for  
19 digital asset business activity based on the value of  
20 digital assets transacted by covered persons, volume of  
21 digital assets transacted by covered persons, the value of  
22 digital assets held in custody by covered person, and the  
23 volume of digital assets held in custody by covered  
24 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:

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

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

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

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

25 (ii) A covered person shall disclose the terms  
26 of the insurance policy to the resident in a

1 manner that allows the resident to understand the  
2 specific insured risks that may result in partial  
3 coverage of the resident's assets.

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

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

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

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

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

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

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

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

26 (6) Whether the resident has a right to stop a

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

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

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

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

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

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

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

1 digital assets or determined if this customer disclosure  
2 is truthful or complete.

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

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

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

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

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

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

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

25 (1) at all times maintain an amount of each type of

1 digital asset sufficient to satisfy the aggregate  
2 entitlements of the persons to the type of digital asset;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (6) rules restricting selling, transferring,

1 assigning, lending, hypothecating, pledging, or otherwise  
2 using or encumbering customer assets; and

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

6 Section 5-15. Covered exchanges.

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

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

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

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

24 (D) Established policies and procedures to reevaluate  
25 the appropriateness of the continued listing or offering

1 of the digital asset, including an evaluation of whether  
2 material changes have occurred.

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

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

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

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

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

26 (2)(A) A covered exchange shall use reasonable diligence

1 to ensure that the outcome to the resident is as favorable as  
2 possible under prevailing market conditions. Compliance with  
3 this paragraph shall be determined by factors, including, but  
4 not limited to, all of the following:

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

7 (ii) The size and type of transaction.

8 (iii) The number of markets checked.

9 (iv) Accessibility of appropriate pricing.

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

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

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

22 (4) If a covered exchange cannot execute directly with a  
23 market and employs other means in order to ensure an execution  
24 advantageous to the resident, the burden of showing the  
25 acceptable circumstances for doing so is on the covered  
26 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.

1           Section 5-25. Collection of compensation. Unless exempt  
2 from registration under this Act, no person engaged in or  
3 offering to engage in any act or service for which a  
4 registration under this Act is required may bring or maintain  
5 any action in any court to collect compensation for the  
6 performance of the registrable services without alleging and  
7 proving that he or she was the holder of a valid registration  
8 under this Act at all times during the performance of those  
9 services.

10   Article 10. Compliance

11           Section 10-5. General requirements.

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

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

19           (c) Each registrant shall maintain, implement, update, and  
20 enforce written compliance policies and procedures, in  
21 accordance with Section 10-10 and subject to any rules adopted  
22 by the Department, which policies and procedures must be  
23 reviewed and approved by the registrant's board of directors  
24 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.

1           (9) A request for assistance program to comply with  
2           Section 5-20.

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

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

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

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

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

26               (3) Periodic evaluation and revision of the anti-fraud

1 program, policies, and procedures.

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

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

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

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

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

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

25 (A) Maintaining, updating, and enforcing policies and  
26 procedures designed to protect the confidentiality,

1 integrity, and availability of the registrant's  
2 information systems and nonpublic information stored on  
3 those information systems.

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

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

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

26 (A) penetration testing and vulnerability assessment;

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

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

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

19 state authority.

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

21 Article are created and approved by the registrant, the

22 registrant shall engage a qualified individual or individuals

23 with adequate authority and experience to monitor and

24 implement each policy and procedure, publicize it as

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

1 Article 15. Registration

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

8 Section 15-10. Application.

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

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

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

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

24 (B) The legal name, any former or fictitious name,

1 and the residential and business United States Postal  
2 Service address of any executive officer and  
3 responsible individual of the applicant and any person  
4 that has control of the applicant.

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

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

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

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

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

26 (E) A list of any criminal conviction, deferred

1 prosecution agreement, and pending criminal proceeding  
2 in any jurisdiction against all of the following:

3 (i) The applicant.

4 (ii) Any executive officer of the applicant.

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

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

9 (v) Any affiliate of the applicant.

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

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

26 (i) The applicant.

1 (ii) An executive officer of the applicant.

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

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

6 (v) An affiliate of the applicant.

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

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

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

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

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

25 (M) A copy of the certificate, or a detailed  
26 summary acceptable to the Department, of coverage for

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

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

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

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

25 (Q) If the applicant is a partnership or a  
26 member-managed limited liability company, the names

1 and United States Postal Service addresses of any  
2 general partner or member.

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

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

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

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

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

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

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

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

1           (B) The relevant financial and business experience,  
2           character, and general fitness of the applicant and any  
3           affiliate of the applicant.

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

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

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

25          (c)(1) After completing the investigation required by  
26          subsection (b), the Department shall send the applicant notice

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

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

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

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

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

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

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

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

1 York pursuant to Part 200 of Title 23 of the New York Code of  
2 Rules and Regulations, or a charter as a New York State limited  
3 purpose trust company with approval to conduct virtual  
4 currency business under the New York Banking Law, if the  
5 registration or approval was issued no later than the  
6 effective date of this Act and the applicant pays all  
7 appropriate fees and complies with the requirements of this  
8 Act.

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

11 (A) upon issuance of an unconditional registration;

12 (B) upon denial of a registration;

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

19 Section 15-15. Renewal.

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

1 (b) The renewal application required by subsection (a)  
2 shall be submitted in a form and medium prescribed by the  
3 Department. The application shall contain all of the  
4 following:

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

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

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

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

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

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

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

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

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

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

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

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

25 (6) (A) The amount of United States dollar equivalent  
26 of digital assets in the custody or control of the

1 registrant at the end of the last month that ends not later  
2 than 30 days before the date of the renewal application.

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

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

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

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

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

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

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

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

1 (f) A registrant that does not comply with this Section  
2 shall cease digital asset business activities with or on  
3 behalf of a resident. A registrant ceasing an activity or  
4 activities regulated by this Act and desiring to no longer be  
5 registered shall so inform the Department in writing and, at  
6 the same time, convey any registration issued and all other  
7 symbols or indicia of registration. The registrant shall  
8 include a plan for the withdrawal from regulated business,  
9 including a timetable for the disposition of the business, and  
10 comply with the surrender guidelines or requirements of the  
11 Department.

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

14 Article 20. Supervision

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

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

22 (B) If a registrant maintains a trust account  
23 pursuant to this Section, that trust account shall be

1           maintained with a qualified custodian.

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

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

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

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

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

1 that shall be maintained by a registrant, the Department may  
2 consider factors, including, but not limited to, all of the  
3 following:

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

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

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

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

13 (5) The liquidity position of the registrant.

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

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

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

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

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

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

8           Section 20-10. Examination.

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

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

1 person's accounts, books, correspondence, memoranda,  
2 papers, and other records and shall otherwise  
3 facilitate the examination so far as it may be in their  
4 power to do so.

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

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

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

15 Section 20-15. Books and records.

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

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

23 (A) The identity of the resident.

24 (B) The form of the transaction.

25 (C) The amount, date, and payment instructions

1 given by the resident.

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

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

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

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

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

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

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

23 (6) Bank statements and bank reconciliation records  
24 for the registrant and the name, account number, and  
25 United States Postal Service address of any bank or credit  
26 union the registrant uses in the conduct of its digital

1           asset business activity with or on behalf of the resident.

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

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

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

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

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

24           Section 20-25. Material business changes.

1 (a) A registrant shall file with the Department a report  
2 of the following, as may be applicable:

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

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

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

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

15 Section 20-30. Change in control.

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

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

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

1 the registrant.

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

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

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

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

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

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

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

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

1 standing.

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

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

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

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

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

1 deemed denied. If the application is deemed denied, the  
2 registrant shall abandon the proposed change in control or  
3 cease digital asset business activity with or on behalf of  
4 residents.

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

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

17 Section 20-35. Mergers.

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

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

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

25 (3) In the case of a registrant, the information

1 required by Section 15-10 concerning the person that would  
2 be the surviving entity in the proposed merger or  
3 consolidation.

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

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

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

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

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

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

1           (3) Describe the terms and conditions of the merger or  
2           consolidation and the mode of carrying it into effect.

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

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

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

24          Section 20-40. Investigation of complaints. The Secretary  
25          shall be authorized at all times to maintain staff and

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

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

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

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

23 (B) personal history and experience information,  
24 including independent credit reports obtained from a  
25 consumer reporting agency described in Section 603(p)

1 of the federal Fair Credit Reporting Act; and

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

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

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

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

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

10 (A) accounting compilations;

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

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

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

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

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

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

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

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

26 (D) accept and rely on examination or

1 investigation reports made by other government  
2 officials, within or outside this State; or

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

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

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

21 Section 20-50. Enforcement actions.

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

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

1           (2) Ordering a person to cease and desist from doing  
2 digital asset business activity with or on behalf of a  
3 resident.

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

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

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

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

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

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

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

26           (c) This Section does not provide a private right of

1 action to a resident, provided this Section does not preclude  
2 an action by a resident to enforce rights under Article 5 or  
3 subsection (a) of Section 20-5.

4 Section 20-55. Violations.

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

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

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

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

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

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

25 (C) Fraud, misrepresentation, deceit, or

1 negligence.

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

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

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

14 (6) Any of the following occurs:

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

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

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

1 (D) The covered person or person applies for, or  
2 permits the appointment of, a receiver, trustee, or  
3 other agent of a court for itself or for a substantial  
4 part of its assets.

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

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

16 Section 20-60. Hearings.

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

24 (b) (1) (A) The Department may take an enforcement action,  
25 other than the imposition of a civil penalty under Section

1 20-70, without notice if the circumstances require action  
2 before notice can be given.

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

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

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

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

19 Section 20-65. Hearing rules.

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

25 (1) appointment of a hearing officer;

1           (2) appropriate procedural rules, specific deadlines  
2           for filings, and standards of evidence and of proof; and

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

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

11          Section 20-70. Civil penalties.

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

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

25          (c) A civil penalty under this Section continues to accrue

1 until the date the violation ceases.

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

5 Section 20-75. Subpoena power.

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

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

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

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

24 (d) In addition, the Secretary may, through the Attorney  
25 General or the State's Attorney of the applicable county, seek  
26 a writ of attachment or an equivalent order from the circuit

1 court having jurisdiction over the person who has refused to  
2 obey a subpoena, who has refused to give testimony, or who has  
3 refused to produce the matters described in the subpoena duces  
4 tecum.

5 Section 20-80. Civil actions.

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

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

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

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

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

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

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

23 Article 30. Additional Procedural Provisions

24 Section 30-5. Confidential supervisory information.

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

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

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

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

11           (e) Confidential supervisory information may not be  
12 disclosed to anyone other than the regulated person, law  
13 enforcement officials or other regulatory agencies that have  
14 an appropriate regulatory interest as determined by the  
15 Secretary, or to a party presenting a lawful subpoena, order,  
16 or other judicial or administrative process to the Secretary.  
17 The Secretary may immediately appeal to the court of  
18 jurisdiction the disclosure of such confidential supervisory  
19 information and seek a stay of the subpoena pending the  
20 outcome of the appeal. Reports required of regulated persons  
21 by the Secretary under this Act and results of examinations  
22 performed by the Secretary under this Act shall be the  
23 property of only the Secretary but may be shared with the  
24 regulated person. Access under this Act to the books and  
25 records of each regulated person shall be limited to the  
26 Secretary and his agents as provided in this Act and to the

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

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

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

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

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

1 or documents obtained under this Act, unless otherwise  
2 prohibited by law.

3 Section 30-10. Additional rulemaking authority.

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

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

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

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

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

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

24 (b) The Secretary is hereby authorized and empowered to  
25 make specific rulings, demands, and findings that he or she

1 deems necessary for the proper conduct of the registrants and  
2 affiliates thereof.

3 Article 35. Miscellaneous Provisions

4 Section 35-5. No evasion.

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

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

14 Section 35-10. Construction; severability.

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

17 (b) The provisions of this Act are severable under Section  
18 1.31 of the Statute on Statutes.

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

1 Section 35-15. Transition period.

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

6 (b) A covered person engaging in digital asset business  
7 activity shall not be considered in violation of Sections 5-5,  
8 5-10, and 5-20 until January 1, 2027.

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

11 (d) Notwithstanding the foregoing, the Department may  
12 adopt rules pursuant to this Act upon this Act becoming law  
13 with such rules not to take effect earlier than January 1,  
14 2026."

15 Article 90. Amendatory provisions

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

18 (5 ILCS 140/7.5)

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

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

1 Development Act.

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

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

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

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

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

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

25 (h) Information the disclosure of which is exempted  
26 under the State Officials and Employees Ethics Act, and

1 records of any lawfully created State or local inspector  
2 general's office that would be exempt if created or  
3 obtained by an Executive Inspector General's office under  
4 that Act.

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

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

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

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

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

24 (n) Defense budgets and petitions for certification of  
25 compensation and expenses for court appointed trial  
26 counsel as provided under Sections 10 and 15 of the

1 Capital Crimes Litigation Act (repealed). This subsection  
2 (n) shall apply until the conclusion of the trial of the  
3 case, even if the prosecution chooses not to pursue the  
4 death penalty prior to trial or sentencing.

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

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

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

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

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

24 (t) (Blank).

25 (u) Records and information provided to an independent  
26 team of experts under the Developmental Disability and

1 Mental Health Safety Act (also known as Brian's Law).

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

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

15 (w) Personally identifiable information which is  
16 exempted from disclosure under subsection (g) of Section  
17 19.1 of the Toll Highway Act.

18 (x) Information which is exempted from disclosure  
19 under Section 5-1014.3 of the Counties Code or Section  
20 8-11-21 of the Illinois Municipal Code.

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

1 an eligible adult maintained in the Registry established  
2 under Section 7.5 of the Adult Protective Services Act.

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

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

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

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

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

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

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

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

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

26 (ii) Information which is exempted from disclosure

1 under Section 2505-800 of the Department of Revenue Law of  
2 the Civil Administrative Code of Illinois.

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

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

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

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

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

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

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

25 (qq) Information and records held by the Department of  
26 Public Health and its authorized representatives collected

1 under the Reproductive Health Act.

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

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

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

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

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

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

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

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

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

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

26 (bbb) Information that is prohibited from disclosure

1 by the Illinois Police Training Act and the Illinois State  
2 Police Act.

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

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

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

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

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

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

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

1 (jjj) Information exempt from disclosure under Section  
2 30 of the Insurance Data Security Law.

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

6 (lll) Data exempt from disclosure under Section  
7 2-3.196 of the School Code.

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

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

14 (ooo) Data or information provided pursuant to Section  
15 20 of the Statewide Recycling Needs and Assessment Act.

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

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

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

23 (sss) Information exempt from disclosure under Section  
24 40 of the Student-Athlete Endorsement Rights Act.

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

1 under that Section.

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

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

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

16 (30 ILCS 105/5.1030 new)

17 Sec. 5.1030. The Consumer Protection Fund.

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

20 (205 ILCS 5/2) (from Ch. 17, par. 302)

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

1 shall have the following meanings:

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

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

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

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

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

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

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

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

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

1 limited liability company, however, "bylaws" means the  
2 operating agreement of the bank.

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

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

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

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

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

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

1 "Community" means a city, village, or incorporated town  
2 and also includes the area served by the banking offices of a  
3 bank, but need not be limited or expanded to conform to the  
4 geographic boundaries of units of local government.

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

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

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

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

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

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

22 "Court" means a court of competent jurisdiction.

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

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

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

9 "Eligible depository institution" means an insured savings  
10 association that is in default, an insured savings association  
11 that is in danger of default, a State or national bank that is  
12 in default or a State or national bank that is in danger of  
13 default, as those terms are defined in this Section, or a new  
14 bank as that term is defined in Section 11(m) of the Federal  
15 Deposit Insurance Act or a bridge bank as that term is defined  
16 in Section 11(n) of the Federal Deposit Insurance Act or a new  
17 federal savings association authorized under Section  
18 11(d) (2) (f) of the Federal Deposit Insurance Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 conservator, receiver, or other legal custodian is appointed  
2 for a State or national bank or an insured savings  
3 association.

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

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

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

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

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

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

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

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

24 "Merger" includes consolidation.

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

26 "Merging trust company" means a trust company party to a

1 merger with a State bank.

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

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

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

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

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

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

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

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

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

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

25 "Qualified financial contract" means any security  
26 contract, commodity contract, forward contract, including spot

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

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

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

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

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

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

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

1 "State bank" means any banking corporation that has a  
2 banking charter issued by the Commissioner under this Act.

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

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

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

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

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

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

25 "Unimpaired capital and unimpaired surplus", for the  
26 purposes of paragraph (21) of Section 5 and Sections 32, 33,

1 34, 35.1, 35.2, and 47 of this Act means the sum of the state  
2 bank's Tier 1 Capital and Tier 2 Capital plus such other  
3 shareholder equity as may be included by regulation of the  
4 Commissioner. Unimpaired capital and unimpaired surplus shall  
5 be calculated on the basis of the date of the last quarterly  
6 call report filed with the Commissioner preceding the date of  
7 the transaction for which the calculation is made, provided  
8 that: (i) when a material event occurs after the date of the  
9 last quarterly call report filed with the Commissioner that  
10 reduces or increases the bank's unimpaired capital and  
11 unimpaired surplus by 10% or more, then the unimpaired capital  
12 and unimpaired surplus shall be calculated from the date of  
13 the material event for a transaction conducted after the date  
14 of the material event; and (ii) if the Commissioner determines  
15 for safety and soundness reasons that a state bank should  
16 calculate unimpaired capital and unimpaired surplus more  
17 frequently than provided by this paragraph, the Commissioner  
18 may by written notice direct the bank to calculate unimpaired  
19 capital and unimpaired surplus at a more frequent interval. In  
20 the case of a state bank newly chartered under Section 13 or a  
21 state bank resulting from a merger, consolidation, or  
22 conversion under Sections 21 through 26 for which no preceding  
23 quarterly call report has been filed with the Commissioner,  
24 unimpaired capital and unimpaired surplus shall be calculated  
25 for the first calendar quarter on the basis of the effective  
26 date of the charter, merger, consolidation, or conversion.

1 (Source: P.A. 95-924, eff. 8-26-08; 95-1047, eff. 4-6-09;  
2 96-1000, eff. 7-2-10; 96-1163, eff. 1-1-11; revised 8-6-24.)

3 (205 ILCS 5/30) (from Ch. 17, par. 337)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 If the commissioner disapproves the plan of conversion, he

1 shall state his objections in writing and give an opportunity  
2 to the converting trust company to obviate such objections.

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

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

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

26 (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

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

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

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

17 (205 ILCS 620/Art. IIA heading new)

18 ARTICLE IIA. SPECIAL PURPOSE TRUST COMPANY

19 AUTHORITY AND ORGANIZATION

20 (205 ILCS 620/2A-1 new)

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

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

10 (205 ILCS 620/2A-2 new)

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

20 (205 ILCS 620/2A-3 new)

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

22 (a) It shall be lawful for any person to engage in the  
23 activity of a special purpose trust company after the  
24 effective date of this amendatory Act of the 104th General

1 Assembly upon filing an application for and procuring from the  
2 Secretary a certificate of authority stating that the person  
3 has complied with the requirements of this Act and is  
4 qualified to engage in the activity of a special purpose trust  
5 company.

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

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

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

22 (205 ILCS 620/2A-4 new)

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

24 (a) The Department shall adopt rules for the  
25 administration of this Article, including, but not limited to:

1 rules for defining statutory terms; applying for a certificate  
2 of authority; review, investigation, and approval of  
3 application for certificate of authority; capital  
4 requirements; office location and name; collateralizing  
5 fiduciary assets; and general corporate powers. The authority  
6 of this subsection (a) is in addition to, and in no way limits,  
7 the authority of the Secretary under subsection (a) of Section  
8 5-1.

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

14 (205 ILCS 620/4-1) (from Ch. 17, par. 1554-1)

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

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

1 IV, means the principal office as designated on the charter by  
2 its principal regulator.

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

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

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

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

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

15 (205 ILCS 620/4-5) (from Ch. 17, par. 1554-5)

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

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

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

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

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

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

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

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

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

17 (205 ILCS 620/4A-15)

18 Sec. 4A-15. Representative offices.

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

1 engage in fiduciary activities.

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

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

14 (205 ILCS 620/5-1) (from Ch. 17, par. 1555-1)

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

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

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

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

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

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

22 (e) To conduct hearings;

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

25 (g) To impose civil penalties of up to \$100,000 against  
26 any person or corporate fiduciary for each violation of any

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

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

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

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

15 (815 ILCS 505/2HHHH new)

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

20 Article 99. Non-acceleration and Effective Date

21 Section 99-95. No acceleration or delay. Where this Act  
22 makes changes in a statute that is represented in this Act by

1 text that is not yet or no longer in effect (for example, a  
2 Section represented by multiple versions), the use of that  
3 text does not accelerate or delay the taking effect of (i) the  
4 changes made by this Act or (ii) provisions derived from any  
5 other Public Act.

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