

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Consumer Installment Loan Act is amended by changing Section 15 as follows:

(205 ILCS 670/15) (from Ch. 17, par. 5415)

Sec. 15. Charges permitted.

(a) Every licensee may lend a principal amount not exceeding \$40,000 and, except as to small consumer loans as defined in this Section, may charge, contract for and receive thereon interest at an annual percentage rate of no more than 36%, subject to the provisions of this Act; provided, however, that the limitation on the annual percentage rate contained in this subsection (a) does not apply to title-secured loans, which are loans upon which interest is charged at an annual percentage rate exceeding 36%, in which, at commencement, an obligor provides to the licensee, as security for the loan, physical possession of the obligor's title to a motor vehicle, and upon which a licensee may charge, contract for, and receive thereon interest at the rate agreed upon by the licensee and borrower. For purposes of this Section, the annual percentage rate shall be calculated in accordance with the federal Truth in Lending Act.

(b) For purpose of this Section, the following terms shall have the meanings ascribed herein.

"Applicable interest" for a precomputed loan contract means the amount of interest attributable to each monthly installment period. It is computed as if each installment period were one month and any interest charged for extending the first installment period beyond one month is ignored. The applicable interest for any monthly installment period is, for loans other than small consumer loans as defined in this Section, that portion of the precomputed interest that bears the same ratio to the total precomputed interest as the balances scheduled to be outstanding during that month bear to the sum of all scheduled monthly outstanding balances in the original contract. With respect to a small consumer loan, the applicable interest for any installment period is that portion of the precomputed monthly installment account handling charge attributable to the installment period calculated based on a method at least as favorable to the consumer as the actuarial method, as defined by the federal Truth in Lending Act.

"Interest-bearing loan" means a loan in which the debt is expressed as a principal amount plus interest charged on actual unpaid principal balances for the time actually outstanding.

"Precomputed loan" means a loan in which the debt is expressed as the sum of the original principal amount plus interest computed actuarially in advance, assuming all payments will be made when scheduled.

"Small consumer loan" means a loan upon which interest is charged at an annual percentage rate exceeding 36% and with an amount financed of \$4,000 or less. "Small consumer loan" does not include a title-secured loan as defined by subsection (a) of this Section or a payday loan as defined by the Payday Loan Reform Act.

"Substantially equal installment" includes a last regularly scheduled payment that may be less than, but not more than 5% larger than, the previous scheduled payment according to a disclosed payment schedule agreed to by the parties.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time for either interest-bearing or precomputed loans for the calculation of interest and other purposes, a month shall be a calendar month and a day shall be considered 1/30th of a month when calculation is made for a fraction of a month. A month shall be 1/12th of a year. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a month and a fraction of a month, the fraction of the month is considered to follow the whole month. In the alternative, for interest-bearing loans, the licensee may charge interest at the rate of 1/365th of the agreed annual rate for each day actually elapsed.

(d-5) No licensee or other person may condition an extension of credit to a consumer on the consumer's repayment

by preauthorized electronic fund transfers. Payment options, including, but not limited to, electronic fund transfers and Automatic Clearing House (ACH) transactions may be offered to consumers as a choice and method of payment chosen by the consumer.

(e) With respect to interest-bearing loans:

(1) Interest shall be computed on unpaid principal balances outstanding from time to time, for the time outstanding, until fully paid. Each payment shall be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest shall not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract shall be deemed a new and separate loan transaction for all purposes.

(3) Loans must be fully amortizing and be repayable in substantially equal and consecutive weekly, biweekly, semimonthly, or monthly installments. Notwithstanding this requirement, rates may vary according to an index that is independently verifiable and beyond the control of the licensee.

(4) The lender or creditor may, if the contract provides, collect a delinquency or collection charge on each installment in default for a period of not less than 10 days in an amount not exceeding 5% of the installment on installments in excess of \$200, or \$10 on installments of \$200 or less, but only one delinquency and collection charge may be collected on any installment regardless of the period during which it remains in default.

(f) With respect to precomputed loans:

(1) Loans shall be repayable in substantially equal and consecutive weekly, biweekly, semimonthly, or monthly installments of principal and interest combined, except that the first installment period may be longer than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days; and provided further that monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of

principal and precomputed interest until the loan is fully paid. Payments shall be applied in the order in which they become due, except that any insurance proceeds received as a result of any claim made on any insurance, unless sufficient to prepay the contract in full, may be applied to the unpaid installments of the total of payments in inverse order.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the obligor with the total of the applicable interest for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; provided, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable interest for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the obligor with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgement is entered.

(4) The lender or creditor may, if the contract provides, collect a delinquency or collection charge on

each installment in default for a period of not less than 10 days in an amount not exceeding 5% of the installment on installments in excess of \$200, or \$10 on installments of \$200 or less, but only one delinquency or collection charge may be collected on any installment regardless of the period during which it remains in default.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this Section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one month period may not exceed the applicable interest for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall credit to the obligor a refund of the unearned deferment charge in addition to any other refund

or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the agreed rate of interest or, in the case of small consumer loans, interest at the rate of 18% per annum, may be charged on the unpaid balance until fully paid.

(7) Fifteen days after the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may compute and charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the agreed rate of interest or, in the case of small consumer loans, interest at the rate of 18% per annum, until fully paid. At the time of payment of said final installment, the licensee shall give notice to the obligor stating any amounts unpaid.

(Source: P.A. 96-936, eff. 3-21-11.)

Section 10. The Illinois Securities Law of 1953 is amended by changing Sections 2.11, 2.12b, 8, and 12 and by adding



Section 3.5 as follows:

(815 ILCS 5/2.11) (from Ch. 121 1/2, par. 137.2-11)

Sec. 2.11. Investment adviser. "Investment adviser" means any person who, for compensation, engages in this State in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities or who, in this State for direct or indirect compensation and as part of a regular advisory business, issues or promulgates analyses or reports concerning securities or any financial planner or other person who, as an integral component of other financially related services, provides ~~the foregoing~~ investment advisory services to others for compensation and as part of a business, or who holds himself or herself out as providing ~~the foregoing~~ investment advisory services to others for compensation; but "investment adviser" does not include:

(1) a bank or trust company, or the regular employees of a bank or trust company;

(2) any lawyer, accountant, engineer, geologist or teacher (i) whose performance of such services is solely incidental to the practice of his or her profession or (ii) who:

(A) does not exercise investment discretion with respect to the assets of clients or maintain custody of the assets of clients for the purpose of investing those assets, except when the person is acting as a bona fide

fiduciary in a capacity such as an executor, trustee, personal representative, estate or trust agent, guardian, conservator, or person serving in a similar fiduciary capacity;

(B) does not accept or receive, directly or indirectly, any commission, fee, or other remuneration contingent upon the purchase or sale of any specific security by a client of such person; and

(C) does not advise on the purchase or sale of specific securities, except that this clause (C) shall not apply when the advice about specific securities is based on financial statement analyses or tax considerations that are reasonably related to and in connection with the person's profession;

(3) any registered dealer or partner, officer, director or regular employee of a registered dealer, or registered salesperson, whose performance of these services, in each case, is solely incidental to the conduct of the business of the registered dealer or registered salesperson, as the case may be, and who receives no special compensation, directly or indirectly, for such services;

(4) any publisher or regular employee of such publisher of a bona fide newspaper, news magazine or business or financial publication of regular and established paid circulation;

(5) any person whose advice, analyses or reports relate only to securities which are direct obligations of, or

obligations guaranteed as to principal or interest by, the United States, any state or any political subdivision of any state, or any public agency or public instrumentality of any one or more of the foregoing;

(5.5) any person who is a federal covered investment adviser; or

(6) any other persons who are not within the intent of this Section as the Secretary of State may designate by rules and regulations or order.

(Source: P.A. 90-70, eff. 7-8-97.)

(815 ILCS 5/2.12b) (from Ch. 121 1/2, par. 137.2-12b)

Sec. 2.12b. Investment adviser representative. "Investment adviser representative" means, with respect to an investment adviser who is required to register under this Act, any partner, officer, director of (or a person occupying a similar status or performing similar functions), or other natural person employed by or associated with an investment adviser, except clerical or ministerial personnel, who in this State:

(1) makes any recommendations or otherwise renders advice regarding securities or investment products;

(2) manages accounts or portfolios of clients;

(3) determines what recommendation or advice regarding securities or investments should be given;

(4) supervises any employee who performs any of the foregoing; or

(5) solicits, refers, offers, or negotiates for the sale of, or sells, investment advisory services.

With respect to a federal covered investment adviser, "investment adviser representative" means any person who is an investment adviser representative with a place of business in this State as such terms are defined by the Securities and Exchange Commission under Section 203A of the Federal 1940 Investment Advisers Act.

(Source: P.A. 90-70, eff. 7-8-97; 90-667, eff. 7-30-98; 91-809, eff. 1-1-01.)

(815 ILCS 5/3.5 new)

Sec. 3.5. Authority of Secretary of State. Notwithstanding any other law, the Secretary of State has the authority to enforce this Act as it pertains to the offer, sale, or investment advice concerning a covered security as defined by Section 2.29.

(815 ILCS 5/8) (from Ch. 121 1/2, par. 137.8)

Sec. 8. Registration of dealers, limited Canadian dealers, Internet portals, salespersons, investment advisers, and investment adviser representatives.

A. Except as otherwise provided in this subsection A, every dealer, limited Canadian dealer, salesperson, investment adviser, and investment adviser representative shall be

registered as such with the Secretary of State. No dealer or salesperson need be registered as such when offering or selling securities in transactions exempted by subsection A, B, C, D, E, G, H, I, J, K, M, O, P, Q, R or S of Section 4 of this Act, provided that such dealer or salesperson is not regularly engaged in the business of offering or selling securities in reliance upon the exemption set forth in subsection G or M of Section 4 of this Act. No dealer, issuer or controlling person shall employ a salesperson unless such salesperson is registered as such with the Secretary of State or is employed for the purpose of offering or selling securities solely in transactions exempted by subsection A, B, C, D, E, G, H, I, J, K, L, M, O, P, Q, R or S of Section 4 of this Act; provided that such salesperson need not be registered when effecting transactions in this State limited to those transactions described in Section 15(h)(2) of the Federal 1934 Act or engaging in the offer or sale of securities in respect of which he or she has beneficial ownership and is a controlling person. The Secretary of State may, by rule, regulation or order and subject to such terms, conditions, and fees as may be prescribed in such rule, regulation or order, exempt from the registration requirements of this Section 8 any investment adviser, if the Secretary of State shall find that such registration is not necessary in the public interest by reason of the small number of clients or otherwise limited character of operation of such investment adviser.

B. An application for registration as a dealer or limited Canadian dealer, executed, verified, or authenticated by or on behalf of the applicant, shall be filed with the Secretary of State, in such form as the Secretary of State may by rule, regulation or order prescribe, setting forth or accompanied by:

(1) The name and address of the applicant, the location of its principal business office and all branch offices, if any, and the date of its organization;

(2) A statement of any other Federal or state licenses or registrations which have been granted the applicant and whether any such licenses or registrations have ever been refused, cancelled, suspended, revoked or withdrawn;

(3) The assets and all liabilities, including contingent liabilities of the applicant, as of a date not more than 60 days prior to the filing of the application;

(4) (a) A brief description of any civil or criminal proceeding of which fraud is an essential element pending against the applicant and whether the applicant has ever been convicted of a felony, or of any misdemeanor of which fraud is an essential element;

(b) A list setting forth the name, residence and business address and a 10 year occupational statement of each principal of the applicant and a statement describing briefly any civil or criminal proceedings of which fraud is an essential element pending against any such principal and

the facts concerning any conviction of any such principal of a felony, or of any misdemeanor of which fraud is an essential element;

(5) If the applicant is a corporation: a list of its officers and directors setting forth the residence and business address of each; a 10-year occupational statement of each such officer or director; and a statement describing briefly any civil or criminal proceedings of which fraud is an essential element pending against each such officer or director and the facts concerning any conviction of any officer or director of a felony, or of any misdemeanor of which fraud is an essential element;

(6) If the applicant is a sole proprietorship, a partnership, limited liability company, an unincorporated association or any similar form of business organization: the name, residence and business address of the proprietor or of each partner, member, officer, director, trustee or manager; the limitations, if any, of the liability of each such individual; a 10-year occupational statement of each such individual; a statement describing briefly any civil or criminal proceedings of which fraud is an essential element pending against each such individual and the facts concerning any conviction of any such individual of a felony, or of any misdemeanor of which fraud is an essential element;

(7) Such additional information as the Secretary of

State may by rule or regulation prescribe as necessary to determine the applicant's financial responsibility, business repute and qualification to act as a dealer.

(8) (a) No applicant shall be registered or re-registered as a dealer or limited Canadian dealer under this Section unless and until each principal of the dealer has passed an examination conducted by the Secretary of State or a self-regulatory organization of securities dealers or similar person, which examination has been designated by the Secretary of State by rule, regulation or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to act as a registered dealer. Any dealer who was registered on September 30, 1963, and has continued to be so registered; and any principal of any registered dealer, who was acting in such capacity on and continuously since September 30, 1963; and any individual who has previously passed a securities dealer examination administered by the Secretary of State or any examination designated by the Secretary of State to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to act as a registered dealer by rule, regulation or order, shall not be required to pass an examination in order to continue to act in such capacity. The Secretary of State may by



order waive the examination requirement for any principal of an applicant for registration under this subsection B who has had such experience or education relating to the securities business as may be determined by the Secretary of State to be the equivalent of such examination. Any request for such a waiver shall be filed with the Secretary of State in such form as may be prescribed by rule or regulation.

(b) Unless an applicant is a member of the body corporate known as the Securities Investor Protection Corporation established pursuant to the Act of Congress of the United States known as the Securities Investor Protection Act of 1970, as amended, a member of an association of dealers registered as a national securities association pursuant to Section 15A of the Federal 1934 Act, or a member of a self-regulatory organization or stock exchange in Canada which the Secretary of State has designated by rule or order, an applicant shall not be registered or re-registered unless and until there is filed with the Secretary of State evidence that such applicant has in effect insurance or other equivalent protection for each client's cash or securities held by such applicant, and an undertaking that such applicant will continually maintain such insurance or other protection during the period of registration or re-registration. Such insurance or other protection shall be in a form and amount

reasonably prescribed by the Secretary of State by rule or regulation.

(9) The application for the registration of a dealer or limited Canadian dealer shall be accompanied by a filing fee and a fee for each branch office in this State, in each case in the amount established pursuant to Section 11a of this Act, which fees shall not be returnable in any event.

(10) The Secretary of State shall notify the dealer or limited Canadian dealer by written notice (which may be by electronic or facsimile transmission) of the effectiveness of the registration as a dealer in this State.

(11) Any change which renders no longer accurate any information contained in any application for registration or re-registration of a dealer or limited Canadian dealer shall be reported to the Secretary of State within 10 business days after the occurrence of such change; but in respect to assets and liabilities only materially adverse changes need be reported.

C. Any registered dealer, limited Canadian dealer, issuer, or controlling person desiring to register a salesperson shall file an application with the Secretary of State, in such form as the Secretary of State may by rule or regulation prescribe, which the salesperson is required by this Section to provide to the dealer, issuer, or controlling person, executed, verified, or authenticated by the salesperson setting forth or

accompanied by:

(1) the name, residence and business address of the salesperson;

(2) whether any federal or State license or registration as dealer, limited Canadian dealer, or salesperson has ever been refused the salesperson or cancelled, suspended, revoked, withdrawn, barred, limited, or otherwise adversely affected in a similar manner or whether the salesperson has ever been censured or expelled;

(3) the nature of employment with, and names and addresses of, employers of the salesperson for the 10 years immediately preceding the date of application;

(4) a brief description of any civil or criminal proceedings of which fraud is an essential element pending against the salesperson, and whether the salesperson has ever been convicted of a felony, or of any misdemeanor of which fraud is an essential element;

(5) such additional information as the Secretary of State may by rule, regulation or order prescribe as necessary to determine the salesperson's business repute and qualification to act as a salesperson; and

(6) no individual shall be registered or re-registered as a salesperson under this Section unless and until such individual has passed an examination conducted by the Secretary of State or a self-regulatory organization of securities dealers or similar person, which examination

has been designated by the Secretary of State by rule, regulation or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to act as a registered salesperson.

Any salesperson who was registered prior to September 30, 1963, and has continued to be so registered, and any individual who has passed a securities salesperson examination administered by the Secretary of State or an examination designated by the Secretary of State by rule, regulation or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to act as a registered salesperson, shall not be required to pass an examination in order to continue to act as a salesperson. The Secretary of State may by order waive the examination requirement for any applicant for registration under this subsection C who has had such experience or education relating to the securities business as may be determined by the Secretary of State to be the equivalent of such examination. Any request for such a waiver shall be filed with the Secretary of State in such form as may be prescribed by rule, regulation or order.

(7) The application for registration of a salesperson shall be accompanied by a filing fee and a Securities Audit and Enforcement Fund fee, each in the amount established

pursuant to Section 11a of this Act, which shall not be returnable in any event.

(8) Any change which renders no longer accurate any information contained in any application for registration or re-registration as a salesperson shall be reported to the Secretary of State within 10 business days after the occurrence of such change. If the activities are terminated which rendered an individual a salesperson for the dealer, issuer or controlling person, the dealer, issuer or controlling person, as the case may be, shall notify the Secretary of State, in writing, within 30 days of the salesperson's cessation of activities, using the appropriate termination notice form.

(9) A registered salesperson may transfer his or her registration under this Section 8 for the unexpired term thereof from one registered dealer or limited Canadian dealer to another by the giving of notice of the transfer by the new registered dealer or limited Canadian dealer to the Secretary of State in such form and subject to such conditions as the Secretary of State shall by rule or regulation prescribe. The new registered dealer or limited Canadian dealer shall promptly file an application for registration of such salesperson as provided in this subsection C, accompanied by the filing fee prescribed by paragraph (7) of this subsection C.

C-5. Except with respect to federal covered investment advisers whose only clients are investment companies as defined in the Federal 1940 Act, other investment advisers, federal covered investment advisers, or any similar person which the Secretary of State may prescribe by rule or order, a federal covered investment adviser shall file with the Secretary of State, prior to acting as a federal covered investment adviser in this State, such documents as have been filed with the Securities and Exchange Commission as the Secretary of State by rule or order may prescribe. The notification of a federal covered investment adviser shall be accompanied by a notification filing fee established pursuant to Section 11a of this Act, which shall not be returnable in any event. Every person acting as a federal covered investment adviser in this State shall file a notification filing and pay an annual notification filing fee established pursuant to Section 11a of this Act, which is not returnable in any event. The failure to file any such notification shall constitute a violation of subsection D of Section 12 of this Act, subject to the penalties enumerated in Section 14 of this Act. Until October 10, 1999 or other date as may be legally permissible, a federal covered investment adviser who fails to file the notification or refuses to pay the fees as required by this subsection shall register as an investment adviser with the Secretary of State under Section 8 of this Act. The civil remedies provided for in subsection A of Section 13 of this Act and the civil remedies

of rescission and appointment of receiver, conservator, ancillary receiver, or ancillary conservator provided for in subsection F of Section 13 of this Act shall not be available against any person by reason of the failure to file any such notification or to pay the notification fee or on account of the contents of any such notification.

D. An application for registration as an investment adviser, executed, verified, or authenticated by or on behalf of the applicant, shall be filed with the Secretary of State, in such form as the Secretary of State may by rule or regulation prescribe, setting forth or accompanied by:

(1) The name and form of organization under which the investment adviser engages or intends to engage in business; the state or country and date of its organization; the location of the adviser's principal business office and branch offices, if any; the names and addresses of the adviser's principal, partners, officers, directors, and persons performing similar functions or, if the investment adviser is an individual, of the individual; and the number of the adviser's employees who perform investment advisory functions;

(2) The education, the business affiliations for the past 10 years, and the present business affiliations of the investment adviser and of the adviser's principal, partners, officers, directors, and persons performing

similar functions and of any person controlling the investment adviser;

(3) The nature of the business of the investment adviser, including the manner of giving advice and rendering analyses or reports;

(4) The nature and scope of the authority of the investment adviser with respect to clients' funds and accounts;

(5) The basis or bases upon which the investment adviser is compensated;

(6) Whether the investment adviser or any principal, partner, officer, director, person performing similar functions or person controlling the investment adviser (i) within 10 years of the filing of the application has been convicted of a felony, or of any misdemeanor of which fraud is an essential element, or (ii) is permanently or temporarily enjoined by order or judgment from acting as an investment adviser, underwriter, dealer, principal or salesperson, or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security, and in each case the facts relating to the conviction, order or judgment;

(7) (a) A statement as to whether the investment adviser is engaged or is to engage primarily in the business of rendering investment supervisory services; and



(b) A statement that the investment adviser will furnish his, her, or its clients with such information as the Secretary of State deems necessary in the form prescribed by the Secretary of State by rule or regulation;

(8) Such additional information as the Secretary of State may, by rule, regulation or order prescribe as necessary to determine the applicant's financial responsibility, business repute and qualification to act as an investment adviser.

(9) No applicant shall be registered or re-registered as an investment adviser under this Section unless and until each principal of the applicant who is actively engaged in the conduct and management of the applicant's advisory business in this State has passed an examination or completed an educational program conducted by the Secretary of State or an association of investment advisers or similar person, which examination or educational program has been designated by the Secretary of State by rule, regulation or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to conduct the business of a registered investment adviser.

Any person who was a registered investment adviser prior to September 30, 1963, and has continued to be so registered, and any individual who has passed an investment

adviser examination administered by the Secretary of State, or passed an examination or completed an educational program designated by the Secretary of State by rule, regulation or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the securities business and laws relating thereto to conduct the business of a registered investment adviser, shall not be required to pass an examination or complete an educational program in order to continue to act as an investment adviser. The Secretary of State may by order waive the examination or educational program requirement for any applicant for registration under this subsection D if the principal of the applicant who is actively engaged in the conduct and management of the applicant's advisory business in this State has had such experience or education relating to the securities business as may be determined by the Secretary of State to be the equivalent of the examination or educational program. Any request for a waiver shall be filed with the Secretary of State in such form as may be prescribed by rule or regulation.

(10) No applicant shall be registered or re-registered as an investment adviser under this Section 8 unless the application for registration or re-registration is accompanied by an application for registration or re-registration for each person acting as an investment adviser representative on behalf of the adviser and a

Securities Audit and Enforcement Fund fee that shall not be returnable in any event is paid with respect to each investment adviser representative.

(11) The application for registration of an investment adviser shall be accompanied by a filing fee and a fee for each branch office in this State, in each case in the amount established pursuant to Section 11a of this Act, which fees shall not be returnable in any event.

(12) The Secretary of State shall notify the investment adviser by written notice (which may be by electronic or facsimile transmission) of the effectiveness of the registration as an investment adviser in this State.

(13) Any change which renders no longer accurate any information contained in any application for registration or re-registration of an investment adviser shall be reported to the Secretary of State within 10 business days after the occurrence of the change. In respect to assets and liabilities of an investment adviser that retains custody of clients' cash or securities or accepts pre-payment of fees in excess of \$500 per client and 6 or more months in advance only materially adverse changes need be reported by written notice (which may be by electronic or facsimile transmission) no later than the close of business on the second business day following the discovery thereof.

(14) Each application for registration as an

investment adviser shall become effective automatically on the 45th day following the filing of the application, required documents or information, and payment of the required fee unless (i) the Secretary of State has registered the investment adviser prior to that date or (ii) an action with respect to the applicant is pending under Section 11 of this Act.

D-5. A registered investment adviser or federal covered investment adviser desiring to register an investment adviser representative shall file an application with the Secretary of State, in the form as the Secretary of State may by rule or order prescribe, which the investment adviser representative is required by this Section to provide to the investment adviser, executed, verified, or authenticated by the investment adviser representative and setting forth or accompanied by:

(1) The name, residence, and business address of the investment adviser representative;

(2) A statement whether any federal or state license or registration as a dealer, salesperson, investment adviser, or investment adviser representative has ever been refused, canceled, suspended, revoked or withdrawn;

(3) The nature of employment with, and names and addresses of, employers of the investment adviser representative for the 10 years immediately preceding the

date of application;

(4) A brief description of any civil or criminal proceedings, of which fraud is an essential element, pending against the investment adviser representative and whether the investment adviser representative has ever been convicted of a felony or of any misdemeanor of which fraud is an essential element;

(5) Such additional information as the Secretary of State may by rule or order prescribe as necessary to determine the investment adviser representative's business repute or qualification to act as an investment adviser representative;

(6) Documentation that the individual has passed an examination conducted by the Secretary of State, an organization of investment advisers, or similar person, which examination has been designated by the Secretary of State by rule or order to be satisfactory for purposes of determining whether the applicant has sufficient knowledge of the investment advisory or securities business and laws relating to that business to act as a registered investment adviser representative; and

(7) A Securities Audit and Enforcement Fund fee established under Section 11a of this Act, which shall not be returnable in any event.

The Secretary of State may by order waive the examination requirement for an applicant for registration under this

subsection D-5 who has had the experience or education relating to the investment advisory or securities business as may be determined by the Secretary of State to be the equivalent of the examination. A request for a waiver shall be filed with the Secretary of State in the form as may be prescribed by rule or order.

A change that renders no longer accurate any information contained in any application for registration or re-registration as an investment adviser representative must be reported to the Secretary of State within 10 business days after the occurrence of the change. If the activities that rendered an individual an investment adviser representative for the investment adviser are terminated, the investment adviser shall notify the Secretary of State in writing (which may be by electronic or facsimile transmission), within 30 days of the investment adviser representative's termination, using the appropriate termination notice form as the Secretary of State may prescribe by rule or order.

A registered investment adviser representative may transfer his or her registration under this Section 8 for the unexpired term of the registration from one registered investment adviser to another by the giving of notice of the transfer by the new investment adviser to the Secretary of State in the form and subject to the conditions as the Secretary of State shall prescribe. The new registered investment adviser shall promptly file an application for

registration of the investment adviser representative as provided in this subsection, accompanied by the Securities Audit and Enforcement Fund fee prescribed by paragraph (7) of this subsection D-5.

E. (1) Subject to the provisions of subsection F of Section 11 of this Act, the registration of a dealer, limited Canadian dealer, salesperson, investment adviser, or investment adviser representative may be denied, suspended or revoked if the Secretary of State finds that the dealer, limited Canadian dealer, Internet portal, salesperson, investment adviser, or investment adviser representative or any principal officer, director, partner, member, trustee, manager or any person who performs a similar function of the dealer, limited Canadian dealer, Internet portal, or investment adviser:

(a) has been convicted of any felony during the 10 year period preceding the date of filing of any application for registration or at any time thereafter, or of any misdemeanor of which fraud is an essential element;

(b) has engaged in any unethical practice in connection with any security, or in any fraudulent business practice;

(c) has failed to account for any money or property, or has failed to deliver any security, to any person entitled thereto when due or within a reasonable time thereafter;

(d) in the case of a dealer, limited Canadian dealer, or investment adviser, is insolvent;

(e) in the case of a dealer, limited Canadian dealer, salesperson, or registered principal of a dealer or limited Canadian dealer (i) has failed reasonably to supervise the securities activities of any of its salespersons or other employees and the failure has permitted or facilitated a violation of Section 12 of this Act or (ii) is offering or selling or has offered or sold securities in this State through a salesperson other than a registered salesperson, or, in the case of a salesperson, is selling or has sold securities in this State for a dealer, limited Canadian dealer, issuer or controlling person with knowledge that the dealer, limited Canadian dealer, issuer or controlling person has not complied with the provisions of this Act or (iii) has failed reasonably to supervise the implementation of compliance measures following notice by the Secretary of State of noncompliance with the Act or with the regulations promulgated thereunder or both or (iv) has failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations;

(f) in the case of an investment adviser, has failed reasonably to supervise the advisory activities of any of its investment adviser representatives or employees and the failure has permitted or facilitated a violation of



Section 12 of this Act;

(g) has violated any of the provisions of this Act;

(h) has made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a dealer's, limited Canadian dealer's, or investment adviser's financial responsibility or a dealer's, limited Canadian dealer's, investment adviser's, salesperson's, or investment adviser representative's business repute or qualifications, or has refused to furnish any such information requested by the Secretary of State;

(i) has had a license or registration under any Federal or State law regulating securities, commodity futures contracts, or stock futures contracts refused, cancelled, suspended, withdrawn, revoked, or otherwise adversely affected in a similar manner;

(j) has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, revoked, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization;

(k) has had any order entered against it after notice and opportunity for hearing by a securities agency of any

state, any foreign government or agency thereof, the Securities and Exchange Commission, or the Federal Commodities Futures Trading Commission arising from any fraudulent or deceptive act or a practice in violation of any statute, rule or regulation administered or promulgated by the agency or commission;

(l) in the case of a dealer or limited Canadian dealer, fails to maintain a minimum net capital in an amount which the Secretary of State may by rule or regulation require;

(m) has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer, limited Canadian dealer, salesperson, investment adviser, or investment adviser representative;

(n) has had, after notice and opportunity for hearing, any injunction or order entered against it or license or registration refused, cancelled, suspended, revoked, withdrawn, limited, or otherwise adversely affected in a similar manner by any state or federal body, agency or commission regulating banking, insurance, finance or small loan companies, real estate or mortgage brokers or companies, if the action resulted from any act found by the body, agency or commission to be a fraudulent or deceptive act or practice in violation of any statute, rule or regulation administered or promulgated by the body, agency or commission;

(o) has failed to file a return, or to pay the tax, penalty or interest shown in a filed return, or to pay any final assessment of tax, penalty or interest, as required by any tax Act administered by the Illinois Department of Revenue, until such time as the requirements of that tax Act are satisfied;

(p) (blank);

(q) has failed to maintain the books and records required under this Act or rules or regulations promulgated under this Act or under any requirements established by the Securities and Exchange Commission or a self-regulatory organization;

(r) has refused to allow or otherwise impeded designees of the Secretary of State from conducting an audit, examination, inspection, or investigation provided for under Section 8 or 11 of this Act;

(s) has failed to maintain any minimum net capital or bond requirement set forth in this Act or any rule or regulation promulgated under this Act;

(t) has refused the Secretary of State or his or her designee access to any office or location within an office to conduct an investigation, audit, examination, or inspection;

(u) has advised or caused a public pension fund or retirement system established under the Illinois Pension Code to make an investment or engage in a transaction not

authorized by that Code;

(v) if a corporation, limited liability company, or limited liability partnership has been suspended, canceled, revoked, or has failed to register as a foreign corporation, limited liability company, or limited liability partnership with the Secretary of State;

(w) is permanently or temporarily enjoined by any court of competent jurisdiction, including any state, federal, or foreign government, from engaging in or continuing any conduct or practice involving any aspect of the securities or commodities business or in any other business where the conduct or practice enjoined involved investments, franchises, insurance, banking, or finance;

(2) If the Secretary of State finds that any registrant or applicant for registration is no longer in existence or has ceased to do business as a dealer, limited Canadian dealer, Internet portal, salesperson, investment adviser, or investment adviser representative, or is subject to an adjudication as a person under legal disability or to the control of a guardian, or cannot be located after reasonable search, or has failed after written notice to pay to the Secretary of State any additional fee prescribed by this Section or specified by rule or regulation, the Secretary of State may by order cancel the registration or application.

(3) Withdrawal of an application for registration or withdrawal from registration as a dealer, limited Canadian

dealer, salesperson, investment adviser, or investment adviser representative becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine, unless any proceeding is pending under Section 11 of this Act when the application is filed or a proceeding is instituted within 30 days after the application is filed. If a proceeding is pending or instituted, withdrawal becomes effective at such time and upon such conditions as the Secretary of State by order determines. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.

F. The Secretary of State shall make available upon request the date that each dealer, investment adviser, salesperson, or investment adviser representative was granted registration, together with the name and address of the dealer, limited Canadian dealer, or issuer on whose behalf the salesperson is registered, and all orders of the Secretary of State denying or abandoning an application, or suspending or revoking registration, or censuring the persons. The Secretary of State may designate by rule, regulation or order the statements, information or reports submitted to or filed with him or her

pursuant to this Section 8 which the Secretary of State determines are of a sensitive nature and therefore should be exempt from public disclosure. Any such statement, information or report shall be deemed confidential and shall not be disclosed to the public except upon the consent of the person filing or submitting the statement, information or report or by order of court or in court proceedings.

G. The registration or re-registration of a dealer or limited Canadian dealer and of all salespersons registered upon application of the dealer or limited Canadian dealer shall expire on the next succeeding anniversary date of the registration or re-registration of the dealer; and the registration or re-registration of an investment adviser and of all investment adviser representatives registered upon application of the investment adviser shall expire on the next succeeding anniversary date of the registration of the investment adviser; provided, that the Secretary of State may by rule or regulation prescribe an alternate date which any dealer registered under the Federal 1934 Act or a member of any self-regulatory association approved pursuant thereto, a member of a self-regulatory organization or stock exchange in Canada, or any investment adviser may elect as the expiration date of its dealer or limited Canadian dealer and salesperson registrations, or the expiration date of its investment adviser registration, as the case may be. A registration of a

salesperson registered upon application of an issuer or controlling person shall expire on the next succeeding anniversary date of the registration, or upon termination or expiration of the registration of the securities, if any, designated in the application for his or her registration or the alternative date as the Secretary may prescribe by rule or regulation. Subject to paragraph (9) of subsection C of this Section 8, a salesperson's registration also shall terminate upon cessation of his or her employment, or termination of his or her appointment or authorization, in each case by the person who applied for the salesperson's registration, provided that the Secretary of State may by rule or regulation prescribe an alternate date for the expiration of the registration.

H. Applications for re-registration of dealers, limited Canadian dealers, Internet portals, salespersons, investment advisers, and investment adviser representatives shall be filed with the Secretary of State prior to the expiration of the then current registration and shall contain such information as may be required by the Secretary of State upon initial application with such omission therefrom or addition thereto as the Secretary of State may authorize or prescribe. Each application for re-registration of a dealer, limited Canadian dealer, Internet portal, or investment adviser shall be accompanied by a filing fee, each application for re-registration as a salesperson shall be accompanied by a

filing fee and a Securities Audit and Enforcement Fund fee established pursuant to Section 11a of this Act, and each application for re-registration as an investment adviser representative shall be accompanied by a Securities Audit and Enforcement Fund fee established under Section 11a of this Act, which shall not be returnable in any event. Notwithstanding the foregoing, applications for re-registration of dealers, limited Canadian dealers, Internet portals, and investment advisers may be filed within 30 days following the expiration of the registration provided that the applicant pays the annual registration fee together with an additional amount equal to the annual registration fee and files any other information or documents that the Secretary of State may prescribe by rule or regulation or order. Any application filed within 30 days following the expiration of the registration shall be automatically effective as of the time of the earlier expiration provided that the proper fee has been paid to the Secretary of State.

Each registered dealer, limited Canadian dealer, Internet portal, or investment adviser shall continue to be registered if the registrant changes his, her, or its form of organization provided that the dealer or investment adviser files an amendment to his, her, or its application not later than 30 days following the occurrence of the change and pays the Secretary of State a fee in the amount established under Section 11a of this Act.



I. (1) (a) Every registered dealer, limited Canadian dealer, Internet portal, and investment adviser shall make and keep for such periods, such accounts, correspondence, memoranda, papers, books and records as the Secretary of State may by rule or regulation prescribe. All records so required shall be preserved for 3 years unless the Secretary of State by rule, regulation or order prescribes otherwise for particular types of records.

(b) Every registered dealer, limited Canadian dealer, Internet portal, and investment adviser shall provide to the Secretary of State, upon request, such accounts, correspondence, memoranda, papers, books, and records as the Secretary of State may by rule or regulation prescribe, that it possesses and that it preserves for periods of longer than 3 years.

(2) Every registered dealer, limited Canadian dealer, Internet portal, and investment adviser shall file such financial reports as the Secretary of State may by rule or regulation prescribe.

(3) All the books and records referred to in paragraph (1) of this subsection I are subject at any time or from time to time to such reasonable periodic, special or other audits, examinations, or inspections by representatives of the Secretary of State, within or without this State, as the Secretary of State deems necessary or appropriate in the public

interest or for the protection of investors.

(4) At the time of an audit, examination, or inspection, the Secretary of State, by his or her designees, may conduct an interview of any person employed or appointed by or affiliated with a registered dealer, limited Canadian dealer, Internet portal, or investment advisor, provided that the dealer, limited Canadian dealer, Internet portal, or investment advisor shall be given reasonable notice of the time and place for the interview. At the option of the dealer, limited Canadian dealer, Internet portal, or investment advisor, a representative of the dealer or investment advisor with supervisory responsibility over the individual being interviewed may be present at the interview.

J. The Secretary of State may require by rule or regulation the payment of an additional fee for the filing of information or documents required to be filed by this Section which have not been filed in a timely manner. The Secretary of State may also require by rule or regulation the payment of an examination fee for administering any examination which it may conduct pursuant to subsection B, C, D, or D-5 of this Section 8.

K. The Secretary of State may declare any application for registration or limited registration under this Section 8 abandoned by order if the applicant fails to pay any fee or

file any information or document required under this Section 8 or by rule or regulation for more than 30 days after the required payment or filing date. The applicant may petition the Secretary of State for a hearing within 15 days after the applicant's receipt of the order of abandonment, provided that the petition sets forth the grounds upon which the applicant seeks a hearing.

L. Any document being filed pursuant to this Section 8 shall be deemed filed, and any fee being paid pursuant to this Section 8 shall be deemed paid, upon the date of actual receipt thereof by the Secretary of State or his or her designee.

M. (Blank).

(Source: P.A. 99-182, eff. 1-1-16; 100-872, eff. 8-14-18.)

(815 ILCS 5/12) (from Ch. 121 1/2, par. 137.12)

Sec. 12. Violation. It shall be a violation of the provisions of this Act for any person:

A. To offer or sell any security except in accordance with the provisions of this Act.

B. To deliver to a purchaser any security required to be registered under Section 5, Section 6 or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5 or of Section 6 or of Section 7.

C. To act as a dealer, Internet portal, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act.

D. To fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

E. To make, or cause to be made, (1) in any sworn testimony before the Secretary of State or the Illinois Securities Department within the Office of the Secretary, or application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact or (2) any statement to the effect that a security (other than a security issued by the State of Illinois) has been in any way endorsed or approved by the Secretary of State or the State of Illinois.

F. To engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

G. To obtain money or property through the sale of

securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

H. To sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.

I. To employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

J. When acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by any means or instrumentality, directly or indirectly:

(1) To employ any device, scheme or artifice to defraud any client or prospective client;

(2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or

(3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative. The Secretary of State shall for the purposes of this paragraph (3), by rules and regulations, define and prescribe means reasonably

designed to prevent such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative.

K. When offering or selling any mineral investment contract or mineral deferred delivery contract:

(1) To employ any device, scheme, or artifice to defraud any customer, prospective customer, or offeree;

(2) To engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any customer, prospective customer, or offeree; or

(3) To engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative. The Secretary of State shall for the purposes of this paragraph (3), by rules and regulations, define and prescribe means reasonably designed to prevent acts, practices, and courses of business as are fraudulent, deceptive, or manipulative.

L. To knowingly influence, coerce, manipulate, or mislead any person engaged in the preparation or audit of financial statements or appraisals to be used in the offer or sale of securities for the purpose of rendering such financial statements or appraisals materially misleading.

(Source: P.A. 99-182, eff. 1-1-16.)

Section 15. The Payday Loan Reform Act is amended by changing Section 2-5 as follows:

(815 ILCS 122/2-5)

Sec. 2-5. Loan terms.

(a) Without affecting the right of a consumer to prepay at any time without cost or penalty, no payday loan may have a minimum term of less than 13 days.

(b) Except for an installment payday loan as defined in this Section, no payday loan may be made to a consumer if the loan would result in the consumer being indebted to one or more payday lenders for a period in excess of 45 consecutive days. Except as provided under subsection (c) of this Section and Section 2-40, if a consumer has or has had loans outstanding for a period in excess of 45 consecutive days, no payday lender may offer or make a loan to the consumer for at least 7 calendar days after the date on which the outstanding balance of all payday loans made during the 45 consecutive day period is paid in full. For purposes of this subsection, the term "consecutive days" means a series of continuous calendar days in which the consumer has an outstanding balance on one or more payday loans; however, if a payday loan is made to a consumer within 6 days or less after the outstanding balance of all loans is paid in full, those days are counted as "consecutive days" for purposes of this subsection.

(c) Notwithstanding anything in this Act to the contrary, a

payday loan shall also include any installment loan otherwise meeting the definition of payday loan contained in Section 1-10, but that has a term agreed by the parties of not less than 112 days and not exceeding 180 days; hereinafter an "installment payday loan". The following provisions shall apply:

(i) Any installment payday loan must be fully amortizing, with a finance charge calculated on the principal balances scheduled to be outstanding and be repayable in substantially equal and consecutive installments, according to a payment schedule agreed by the parties with not less than 13 days and not more than one month between payments; except that the first installment period may be longer than the remaining installment periods by not more than 15 days, and the first installment payment may be larger than the remaining installment payments by the amount of finance charges applicable to the extra days. In calculating finance charges under this subsection, when the first installment period is longer than the remaining installment periods, the amount of the finance charges applicable to the extra days shall not be greater than \$15.50 per \$100 of the original principal balance divided by the number of days in a regularly scheduled installment period and multiplied by the number of extra days determined by subtracting the number of days in a regularly scheduled installment period from the number of days in the



first installment period.

(ii) An installment payday loan may be refinanced by a new installment payday loan one time during the term of the initial loan; provided that the total duration of indebtedness on the initial installment payday loan combined with the total term of indebtedness of the new loan refinancing that initial loan, shall not exceed 180 days. For purposes of this Act, a refinancing occurs when an existing installment payday loan is paid from the proceeds of a new installment payday loan.

(iii) In the event an installment payday loan is paid in full prior to the date on which the last scheduled installment payment before maturity is due, other than through a refinancing, no licensee may offer or make a payday loan to the consumer for at least 2 calendar days thereafter.

(iv) No installment payday loan may be made to a consumer if the loan would result in the consumer being indebted to one or more payday lenders for a period in excess of 180 consecutive days. The term "consecutive days" does not include the date on which a consumer makes the final installment payment.

(d) (Blank).

(e) No lender may make a payday loan to a consumer if the total of all payday loan payments coming due within the first calendar month of the loan, when combined with the payment

amount of all of the consumer's other outstanding payday loans coming due within the same month, exceeds the lesser of:

- (1) \$1,000; or
- (2) in the case of one or more payday loans, 25% of the consumer's gross monthly income; or
- (3) in the case of one or more installment payday loans, 22.5% of the consumer's gross monthly income; or
- (4) in the case of a payday loan and an installment payday loan, 22.5% of the consumer's gross monthly income.

No loan shall be made to a consumer who has an outstanding balance on 2 payday loans, except that, for a period of 12 months after March 21, 2011 (the effective date of Public Act 96-936), consumers with an existing CILA loan may be issued an installment loan issued under this Act from the company from which their CILA loan was issued.

(e-5) Except as provided in subsection (c)(i), no lender may charge more than \$15.50 per \$100 loaned on any payday loan, or more than \$15.50 per \$100 on the initial principal balance and on the principal balances scheduled to be outstanding during any installment period on any installment payday loan. Except for installment payday loans and except as provided in Section 2-25, this charge is considered fully earned as of the date on which the loan is made. For purposes of determining the finance charge earned on an installment payday loan, the disclosed annual percentage rate shall be applied to the principal balances outstanding from time to time until the loan

is paid in full, or until the maturity date, whichever occurs first. No finance charge may be imposed after the final scheduled maturity date.

When any loan contract is paid in full, the licensee shall refund any unearned finance charge. The unearned finance charge that is refunded shall be calculated based on a method that is at least as favorable to the consumer as the actuarial method, as defined by the federal Truth in Lending Act. The sum of the digits or rule of 78ths method of calculating prepaid interest refunds is prohibited.

(f) A lender may not take or attempt to take an interest in any of the consumer's personal property to secure a payday loan.

(g) A consumer has the right to redeem a check or any other item described in the definition of payday loan under Section 1-10 issued in connection with a payday loan from the lender holding the check or other item at any time before the payday loan becomes payable by paying the full amount of the check or other item.

(h) For the purpose of this Section, "substantially equal installment" includes a last regularly scheduled payment that may be less than, but no more than 5% larger than, the previous scheduled payment according to a disclosed payment schedule agreed to by the parties.

(Source: P.A. 100-201, eff. 8-18-17.)

Public Act 101-0563

SB1758 Enrolled

LRB101 10278 AMC 55383 b

(815 ILCS 5/2.10a rep.)

Section 20. The Illinois Securities Law of 1953 is amended by repealing Section 2.10a.

Section 99. Effective date. This Act takes effect upon becoming law.