



## Senate

General Assembly

**File No. 74**

February Session, 2000

Substitute Senate Bill No. 320

*Senate, March 16, 2000*

The Committee on Banks reported through SEN. MCDERMOTT of the 34<sup>th</sup> Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***An Act Permitting A Bankers' Bank To Provide Service To And To Receive Investments From Credit Unions.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (q) of section 36a-70 of the general statutes, as  
2 amended by section 4 of public act 99-158, is repealed and the  
3 following is substituted in lieu thereof:

4 (q) (1) As used in this subsection, "bankers' bank" means a  
5 Connecticut bank that is (A) owned exclusively by any combination of  
6 banks, Connecticut or federal credit unions, or out-of-state banks or  
7 credit unions having their principal office in Connecticut, Maine,  
8 Massachusetts, New Hampshire, New York, Rhode Island or Vermont  
9 and (B) organized to engage exclusively in providing services for such  
10 other banks, credit unions, or out-of-state banks or credit unions and  
11 their directors, officers and employees.

12 (2) One or more persons may organize a bankers' bank in

13 accordance with the provisions of this section, except that subsections  
14 (g) and (h) of this section shall not apply. The approving authority for  
15 a bankers' bank shall be the commissioner acting alone. Before  
16 granting a temporary certificate of authority in the case of an  
17 application to organize a bankers' bank, the approving authority shall  
18 consider (A) whether the proposed bankers' bank will facilitate the  
19 provision of services that such banks, credit unions, or out-of-state  
20 banks or credit unions would not otherwise be able to readily obtain,  
21 and (B) the character and experience of the proposed directors and  
22 officers. The application to organize a bankers' bank shall be approved  
23 if the approving authority determines that the interest of the public  
24 will be directly or indirectly served to advantage by the establishment  
25 of the proposed bankers' bank, and the proposed directors possess  
26 capacity and fitness for the duties and responsibilities with which they  
27 will be charged.

28 (3) A bankers' bank shall have all of the powers of and be subject to  
29 all of the requirements applicable to a Connecticut bank under this title  
30 which are not inconsistent with this subsection, except: (A) A bankers'  
31 bank may provide services only for other banks, Connecticut or federal  
32 credit unions, or out-of-state banks or credit unions having their  
33 principal office in Maine, Massachusetts, New Hampshire, New York,  
34 Rhode Island or Vermont and for the directors, officers and employees  
35 of such banks, credit unions, or out-of-state banks or credit unions; (B)  
36 only such other banks, credit unions, or out-of-state banks [,] or [both,]  
37 credit unions may own the capital stock of or otherwise invest in a  
38 bankers' bank; (C) upon the written request of the organizers of a  
39 bankers' bank, the commissioner may waive specific requirements of  
40 this title and the regulations adopted thereunder if the commissioner  
41 finds that (i) the requirement pertains primarily to banks that provide  
42 retail or consumer banking services and is inconsistent with this  
43 subsection, and (ii) the requirement may impede the ability of the  
44 bankers' bank to compete or to provide desired services to its market  
45 provided [,] any such waiver and the commissioner's findings shall be

46 in writing and shall be made available for public inspection; and (D)  
47 the commissioner may, by regulation, limit the powers that may be  
48 exercised by a bankers' bank.

49 (4) The commissioner may adopt regulations, in accordance with  
50 chapter 54, to administer the provisions of this subsection.

51 Sec. 2. This act shall take effect from its passage.

**Statement of Legislative Commissioners:**

Language in subdivisions (1) and (2) regarding credit unions was revised for consistency with current law.

**BA Committee Vote:** Yea 18 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Affected Agencies:** Department of Banking

**Municipal Impact:** None

**Explanation**

**State Impact:**

The Department of Banking may have a minimal workload increase with the possible adoption of regulations pertaining to the bill authorizing a banker's bank to provide services credit unions. At the present time, a banker's bank can provide services to Connecticut banks and out-of-state banks. The adoption of regulations can be handled within the anticipated budgetary resources of the Department of Banking.

**OLR Bill Analysis**

sSB 320

***AN ACT PERMITTING A BANKERS' BANK TO PROVIDE SERVICE TO AND TO RECEIVE INVESTMENTS FROM CREDIT UNIONS*****SUMMARY:**

This bill allows credit unions in Connecticut, other New England states, and New York to join a group of banks that own a Connecticut-chartered bankers' bank and permits the bank to provide services to them. A "banker's bank" is a wholesale bank that provides services only to the institutions that own it and their directors, officers, and employees. It does not engage in retail banking. Connecticut has one such bank, Bankers' Bank Northeast.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 18 Nay 0