



Senate

General Assembly

File No. 34

February Session, 2002

Substitute Senate Bill No. 329

Senate, March 15, 2002

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

AN ACT CONCERNING THE BANKERS' BANK.

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 is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2002*):

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, out-of-state banks, Connecticut credit unions, federal credit
7 unions, or out-of-state credit unions having their principal office in
8 Connecticut, Maine, Massachusetts, New Hampshire, New York,
9 Rhode Island or Vermont, and (B) organized to engage exclusively in
10 providing services for, [such] or that indirectly benefit, other banks,
11 out-of-state banks, Connecticut credit unions, federal credit unions, or
12 out-of-state credit unions and their directors, officers and employees.

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

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

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

49 compete or to provide desired services to its market provided, any
50 such waiver and the commissioner's findings shall be in writing and
51 shall be made available for public inspection; and (D) the
52 commissioner may, by regulation, limit the powers that may be
53 exercised by a bankers' bank.

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

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| This act shall take effect as follows: | |
| Section 1 | October 1, 2002 |

BA *Joint Favorable Subst.*

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:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

OLR Bill Analysis

sSB 329

AN ACT CONCERNING THE BANKERS' BANK**SUMMARY:**

This bill allows “bankers’ banks” to provide services to financial institutions anywhere in the country but still requires them to be owned by institutions with principal offices in New York and New England. The bill allows bankers’ banks to have direct contact with customers, while current law limits their interactions to other banks. In so doing, the bill allows bankers’ banks to indirectly benefit other banks. For example, small banks often cannot spare staff to assist their customers in other locations, but a bankers’ bank serving a small bank could send assistance in the small bank’s stead.

It is unclear under the bill and current law if Connecticut financial institutions can own bankers’ banks. The definition of a bankers’ bank allows Connecticut financial institutions to own or co-own bankers’ banks. But another provision specifying bankers’ banks’ powers and duties limits the institutions that can own them to those with principal offices in Maine, Massachusetts, New Hampshire, New York, Rhode Island, or Vermont.

EFFECTIVE DATE: October 1, 2002

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 16 Nay 1