

March 10, 2011

To: Members of the Energy and Technology Committee

From: Connecticut Bankers Association  
Contact: Tom Mongellow and Fritz Conway

Re: Senate Bill 1140 - An Act Concerning The Department of Public Utility Control's  
Jurisdiction

Companies engaged in financial services are similar to utilities, in being one of the most heavily regulated businesses on both a state and national level. These companies depend on a predictable set of laws, regulations and rules when conducting business, considering potential business combinations, and importantly in corporate governance.

We are concerned that the provisions in Senate Bill 1140 will create uncertainty in corporate governance for the business community of the State. While one of the bills provisions appears to merely "regulate" the size of board for certain holding companies, it will be viewed by the business community on both a state and national basis, as a negative precedent and first step in controlling and potentially restricting the ability of responsible business entities to control their operations and future.

Additionally, this bill raises the issue of interference with shareholder rights by having a State agency regulating the board of a holding company. This may raise questions about the ability of boards to make decisions without regulatory interference. Those institutional investors who regularly invest in utility stocks, and financial service companies that hold utility stocks for their customers, will be concerned about the potential for that interference impacting the transfer of shares and exercising of voting rights.

When a company decides whether to keep, expand or locate a business in Connecticut, they carefully consider the State's corporate and regulatory climate. At a time when the State is trying to promote a positive message that attracts companies and their jobs, S. B. 1140 sends the wrong signal and we urge you opposition.