



CONNECTICUT BANKERS ASSOCIATION

March 7, 2013

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

**Re: S.B. No. 980 (RAISED) AN ACT CONCERNING THE DEBT SECURITY LIMITS FOR
CONNECTICUT BANKS**

Position: Support

Senate Bill 980 increases the level of certain debt securities that state chartered banks may invest in. Federally chartered banks have no such limitation and this bill would put state chartered banks on a more level playing field with regards to their asset and liability management.

Banks are in an extremely challenging interest rate environment when it comes to managing their balance sheets. By law, banks have limited choices as to where they can invest their money. The existing law was last looked at in 1996 and many new and different types of debt security instruments have become available since then.

Debt investments such as collateralized mortgage obligations, provide an important option to banks in the management of their liquidity and interest rate risks and this bill will allow more flexibility in that process. This is an important safety and soundness measure for state chartered banks.

We urge your support of S.B. 980.