



General Assembly

January Session, 2013

Raised Bill No. 980

LCO No. 3691



Referred to Committee on BANKS

Introduced by:
(BA)

***AN ACT CONCERNING THE DEBT SECURITY LIMITS FOR
CONNECTICUT BANKS.***

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

1 Section 1. Section 36a-275 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) As used in this section, the term "debt securities" means (1) any
4 marketable obligation evidencing indebtedness of any person in the
5 form of direct, assumed or guaranteed bonds, notes or debentures or
6 any security that has attributes similar to such marketable obligations;
7 (2) any obligation identified by certificates of participation in
8 investments described in subdivision (1) of this subsection in which a
9 Connecticut bank could invest directly; or (3) repurchase agreements,
10 and the term "debt mutual fund" means a partnership interest in,
11 shares of stock of, units of beneficial interest in or other ownership
12 interest in any one investment company registered under the
13 Investment Company Act of 1940, as from time to time amended,
14 commonly described as mutual funds, money market funds,
15 investment trusts or business trusts, provided the portfolios of such

16 investment companies consist solely of investments described in
17 subdivision (1) of this subsection.

18 (b) In addition to other investments authorized by this part, any
19 Connecticut bank may purchase or hold for its own account debt
20 securities and debt mutual funds without regard to any other liability
21 to the Connecticut bank of the maker, obligor, guarantor or issuer of
22 such debt securities and debt mutual funds, provided: (1) The debt
23 securities and debt mutual funds are rated in the three highest rating
24 categories by a rating service of such securities recognized by the
25 commissioner or, if not so rated, are determined by the bank's
26 governing board to be a prudent investment; (2) unless the bank
27 obtains the prior approval of the commissioner, the total amount of the
28 debt securities and debt mutual funds of any one maker, obligor or
29 issuer purchased or held by a Connecticut bank or for a Connecticut
30 bank's account may not exceed, at any time, twenty-five per cent of its
31 total equity capital and reserves for loan and lease losses; and (3) the
32 total amount of any debt securities and debt mutual funds purchased
33 or held by a Connecticut bank or for a Connecticut bank's account
34 pursuant to this subsection may not exceed at any time twenty-five per
35 cent of its assets.

36 (c) In addition to other investments authorized by this part, any
37 Connecticut bank may purchase or hold for its own account the
38 following debt securities and debt mutual funds without regard to any
39 other liability to the Connecticut bank of the maker, obligor, guarantor
40 or issuer of such debt securities and debt mutual funds, provided the
41 debt securities and debt mutual funds are rated in the three highest
42 rating categories by a rating service recognized by the commissioner
43 or, if not so rated, determined by the bank's governing board to be a
44 prudent investment:

45 (1) The general obligations of the United States or this state;

46 (2) Securities which are guaranteed fully as to principal and interest

47 by the United States or this state or for which the full faith and credit
48 of the United States or this state is pledged for the payment of
49 principal and interest;

50 (3) Securities, including repurchase agreements, the principal and
51 interest of which are irrevocably secured by securities described in
52 subdivisions (1) and (2) of this subsection;

53 (4) General obligations of any agency of the United States, including
54 government sponsored enterprises, which are not guaranteed fully as
55 to principal and interest by the United States or for which the full faith
56 and credit of the United States is not pledged for the payment of
57 principal and interest; [and]

58 (5) Residential mortgage pass-through securities that are issued or
59 guaranteed by the Federal National Mortgage Association or the
60 Federal Home Loan Mortgage Corporation, provided said association
61 or corporation is operating at the time of issuance or guarantee under
62 the conservatorship or receivership of the Federal Housing Finance
63 Agency;

64 (6) Other residential mortgage-backed securities, including
65 collateralized mortgage obligations and real estate mortgage
66 investment conduits, that are issued or guaranteed by the Federal
67 National Mortgage Association or the Federal Home Loan Mortgage
68 Corporation, provided said association or corporation is operating at
69 the time of issuance or guarantee under the conservatorship or
70 receivership of the Federal Housing Finance Agency; and

71 ~~[(5)]~~ (7) Debt mutual funds, provided the portfolios of the
72 investment companies consist solely of investments described in
73 subdivisions (1) to ~~[(4)]~~ (6), inclusive, of this subsection.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	October 1, 2013	36a-275
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Statement of Purpose:

To permit Connecticut banks to invest in additional debt securities guaranteed or issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, provided said association or corporation is operating under the conservatorship or receivership of the Federal Housing Finance Agency.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]