

Senate, April 7, 1998. The Committee on Judiciary reported through SEN. WILLIAMS, 29th DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING TRUST COMPANIES.

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

1 Section 1. Section 36a-2 of the general
2 statutes, as amended by section 1 of public act
3 97-223, is repealed and the following is
4 substituted in lieu thereof:

5 As used in this title, AND SECTIONS 5 TO 8,
6 INCLUSIVE, OF THIS ACT, unless the context
7 otherwise requires:

8 (1) "Affiliate" of a person means any person
9 controlling, controlled by, or under common
10 control with, that person;

11 (2) "Applicant" with respect to any license
12 or approval provision pursuant to this title means
13 a person who applies for that license or approval;

14 (3) "Automated teller machine" means a
15 stationary or mobile unattended device, including
16 a satellite device but excluding a point of sale
17 terminal, at which banking transactions,
18 including, but not limited to, deposits,
19 withdrawals, advances, payments or transfers, may
20 be conducted;

21 (4) "Bank" means a Connecticut bank or a
22 federal bank;

23 (5) "Bank and trust company" means an

24 institution chartered or organized under the laws
25 of this state as a bank and trust company;

26 (6) "Bank holding company" has the meaning
27 given to that term in 12 USC Section 1841(a), as
28 from time to time amended, except that the term
29 "bank", as used in 12 USC Section 1841(a) includes
30 a bank or out-of-state bank that functions solely
31 in a trust or fiduciary capacity;

32 (7) "Capital stock" when used in conjunction
33 with any bank or out-of-state bank means a bank or
34 out-of-state bank that is authorized to accumulate
35 funds through the issuance of its capital stock;

36 (8) "Club deposit" means deposits to be
37 received at regular intervals, the whole amount
38 deposited to be withdrawn by the owner or repaid
39 by the bank in not more than fifteen months from
40 the date of the first deposit, and upon which no
41 interest or dividends need to be paid;

42 (9) "Commissioner" means the Commissioner of
43 Banking. With respect to any function of the
44 commissioner, "commissioner" includes any person
45 authorized or designated by the commissioner to
46 carry out that function;

47 (10) "Company" means any corporation, joint
48 stock company, trust, association, partnership,
49 limited partnership, unincorporated organization,
50 limited liability company or similar organization,
51 but does not include (A) any corporation the
52 majority of the shares of which are owned by the
53 United States or by any state, or (B) any trust
54 which by its terms must terminate within
55 twenty-five years or not later than twenty-one
56 years and ten months after the death of
57 beneficiaries living on the effective date of the
58 trust;

59 (11) "Connecticut bank" means a bank and
60 trust company, savings bank or savings and loan
61 association chartered or organized under the laws
62 of this state;

63 (12) "Connecticut credit union" means a
64 cooperative, nonprofit association, the membership
65 of which is limited as provided in section 36a-438
66 which is incorporated without capital stock under
67 the laws of this state and licensed under chapter
68 667 for the purposes of encouraging thrift among
69 its members, creating a source of credit at a fair
70 and reasonable rate of interest and providing an
71 opportunity for its members to use and control

72 their own money to improve their economic and
73 social condition;

74 (13) "Consolidation" means a combination of
75 two or more institutions into a new institution.
76 All institutions party to the consolidation, other
77 than the new institution, are "constituent"
78 institutions; the new institution is the
79 "resulting" institution;

80 (14) "Control" has the meaning given to that
81 term in 12 USC Section 1841(a), as from time to
82 time amended;

83 (15) "Customer" means any person using a
84 service offered by a financial institution;

85 (16) "Demand account" means an account into
86 which demand deposits may be made;

87 (17) "Demand deposit" means a deposit that is
88 payable on demand, a deposit issued with an
89 original maturity or required notice period of
90 less than seven days or a deposit representing
91 funds for which the bank does not reserve the
92 right to require at least seven days' written
93 notice of the intended withdrawal, but does not
94 include any time deposit;

95 (18) "Deposit" means funds deposited with a
96 depository;

97 (19) "Deposit account" means an account into
98 which deposits may be made;

99 (20) "Depositor" includes a member of a
100 mutual savings and loan association;

101 (21) "Director" means a member of the
102 governing board of a financial institution;

103 (22) "Equity capital" means the excess of a
104 Connecticut bank's total assets over its total
105 liabilities, as defined in the instructions of the
106 federal Financial Institutions Examination Council
107 for consolidated reports of condition and income;

108 (23) "Executive officer" means every officer
109 of a Connecticut bank who participates or has
110 authority to participate, otherwise than in the
111 capacity of a director, in major policy-making
112 functions of such bank, regardless of whether such
113 officer has an official title or whether that
114 title contains a designation of assistant and
115 regardless of whether such officer is serving
116 without salary or other compensation. The
117 president, vice president, secretary and treasurer
118 of such bank are deemed to be executive officers,
119 unless, by resolution of the governing board or by

120 such bank's bylaws, any such officer is excluded
121 from participation in major policy-making
122 functions, otherwise than in the capacity of a
123 director of such bank, and such officer does not
124 actually participate in such policy-making
125 functions;

126 (24) "Federal agency" has the meaning given
127 to that term in 12 USC Section 3101, as from time
128 to time amended;

129 (25) "Federal bank" means a national banking
130 association, federal savings bank or federal
131 savings and loan association having its principal
132 office in this state;

133 (26) "Federal branch" has the meaning given
134 to that term in 12 USC Section 3101, as from time
135 to time amended;

136 (27) "Federal credit union" means any
137 institution chartered or organized as a federal
138 credit union pursuant to the laws of the United
139 States having its principal office in this state;

140 (28) "Fiduciary" means a person undertaking
141 to act alone or jointly with others primarily for
142 the benefit of another or others in all matters
143 connected with its undertaking and includes a
144 person acting in the capacity of trustee,
145 executor, administrator, guardian, assignee,
146 receiver, conservator, agent, custodian under the
147 Connecticut Uniform Gifts to Minors Act or the
148 Uniform Transfers to Minors Act, and acting in any
149 other similar capacity;

150 (29) "Financial institution" means any
151 Connecticut bank, Connecticut credit union, or
152 other person whose activities in this state are
153 subject to the supervision of the commissioner,
154 but does not include a person whose activities are
155 subject to the supervision of the commissioner
156 solely pursuant to chapter 672a, 672b or 672c or
157 any combination thereof;

158 (30) "Foreign bank" has the meaning given to
159 that term in 12 USC Section 3101, as from time to
160 time amended;

161 (31) "Foreign country" means any country
162 other than the United States and includes any
163 colony, dependency or possession of any such
164 country;

165 (32) "Governing board" means the group of
166 persons vested with the management of the affairs

167 of a financial institution irrespective of the
168 name by which such group is designated;

169 (33) "Holding company" means a bank holding
170 company or a savings and loan holding company,
171 except, as used in sections 36a-180 to 36a-191,
172 inclusive, "holding company" means a bank holding
173 company or a savings and loan holding company that
174 controls a bank;

175 (34) "Insured depository institution" has the
176 meaning given to that term in 12 USC Section 1813,
177 as from time to time amended;

178 (35) "Licensee" means any person who is
179 licensed or required to be licensed pursuant to
180 the applicable provisions of this title;

181 (36) "Loan" includes any line of credit or
182 other extension of credit;

183 (37) "Merger" means the combination of one or
184 more institutions with another which continues its
185 corporate existence. All institutions party to the
186 merger are "constituent" institutions; the merging
187 institution which upon the merger continues its
188 existence is the "resulting" institution;

189 (38) "Mutual" when used in conjunction with
190 any institution that is a bank or out-of-state
191 bank means any such institution without capital
192 stock;

193 (39) "Mutual holding company" means any
194 mutual savings bank or mutual savings and loan
195 association reorganized or any nonstock
196 corporation formed in connection with a
197 reorganization pursuant to sections 36a-192 to
198 36a-199, inclusive, AS AMENDED, to hold a majority
199 of the ordinary voting shares of a reorganized
200 savings institution;

201 (40) "Out-of-state" includes any state other
202 than Connecticut and any foreign country;

203 (41) "Out-of-state bank" means any
204 institution that engages in the business of
205 banking, but does not include a bank, Connecticut
206 credit union, federal credit union or out-of-state
207 credit union;

208 (42) "Out-of-state credit union" means any
209 credit union other than a Connecticut credit union
210 or a federal credit union;

211 (43) "OUT-OF-STATE TRUST COMPANY" MEANS ANY
212 COMPANY CHARTERED TO ACT AS A FIDUCIARY BUT DOES
213 NOT INCLUDE A COMPANY CHARTERED UNDER THE LAWS OF
214 THIS STATE, A BANK, AN OUT-OF-STATE BANK, A

215 CONNECTICUT CREDIT UNION, A FEDERAL CREDIT UNION
216 OR AN OUT-OF-STATE CREDIT UNION;

217 [(43)] (44) "Person" means an individual,
218 company, including a company described in
219 subparagraphs (A) and (B) of subdivision (10) of
220 this section, or any other legal entity, including
221 a federal, state or municipal government or agency
222 or any political subdivision thereof;

223 [(44)] (45) "Point of sale terminal" means a
224 device located in a commercial establishment at
225 which sales transactions can be charged directly
226 to the buyer's deposit, loan or credit account,
227 but at which deposit transactions cannot be
228 conducted;

229 [(45)] (46) "Reorganized savings bank" means
230 any savings bank incorporated and organized in
231 accordance with sections 36a-192, AS AMENDED, and
232 36a-193, AS AMENDED, a majority of the ordinary
233 voting shares of which is owned by a mutual
234 holding company;

235 [(46)] (47) "Reorganized savings and loan
236 association" means any savings and loan
237 association incorporated and organized in
238 accordance with sections 36a-192, AS AMENDED, and
239 36a-193, AS AMENDED, a majority of the ordinary
240 voting shares of which is owned by a mutual
241 holding company;

242 [(47)] (48) "Reorganized savings institution"
243 means any reorganized savings bank or reorganized
244 savings and loan association;

245 [(48)] (49) "Representative office" has the
246 meaning given to that term in 12 USC Section 3101,
247 as from time to time amended;

248 [(49)] (50) "Reserves for loan and lease
249 losses" means the amounts reserved by a
250 Connecticut bank against possible loan and lease
251 losses as shown on the bank's consolidated reports
252 of condition and income;

253 [(50)] (51) "Satellite device" means an
254 automated teller machine which is not part of an
255 office of the bank, Connecticut credit union or
256 federal credit union which has established such
257 machine;

258 [(51)] (52) "Savings account" means a deposit
259 account, other than an escrow account established
260 pursuant to section 49-2a, into which savings
261 deposits may be made and which account must be

262 evidenced by periodic statements delivered at
263 least semiannually or by a passbook;
264 [(52)] (53) "Savings and loan association"
265 means an institution chartered or organized under
266 the laws of this state as a savings and loan
267 association;
268 [(53)] (54) "Savings bank" means an
269 institution chartered or organized under the laws
270 of this state as a savings bank;
271 [(54)] (55) "Savings deposit" means any
272 deposit other than a demand deposit or time
273 deposit on which interest or a dividend is paid
274 periodically;
275 [(55)] (56) "Savings and loan holding
276 company" has the meaning given to that term in 12
277 USC Section 1467a, as from time to time amended;
278 [(56)] (57) "State" means any state of the
279 United States, the District of Columbia, any
280 territory of the United States, Puerto Rico, Guam,
281 American Samoa, the trust territory of the Pacific
282 Islands, the Virgin Islands and the Northern
283 Mariana Islands;
284 [(57)] (58) "State agency" has the meaning
285 given to that term in 12 USC Section 3101, as from
286 time to time amended;
287 [(58)] (59) "State branch" has the meaning
288 given to that term in 12 USC Section 3101, as from
289 time to time amended;
290 [(59)] (60) "Subsidiary" has the meaning
291 given to that term in 12 USC Section 1841(d), as
292 from time to time amended;
293 [(60)] (61) "Supervisory agency" means: (A)
294 The commissioner; (B) the Federal Deposit
295 Insurance Corporation; (C) the Resolution Trust
296 Corporation; (D) the Office of Thrift Supervision;
297 (E) the National Credit Union Administration; (F)
298 the Board of Governors of the Federal Reserve
299 system; (G) the United States Comptroller of the
300 Currency; and (H) any successor to any of the
301 foregoing agencies or individuals;
302 [(61)] (62) "Time account" means an account
303 into which time deposits may be made; and
304 [(62)] (63) "Time deposit" means a deposit
305 that the depositor does not have a right and is
306 not permitted to make withdrawals from within six
307 days after the date of deposit, unless the deposit
308 is subject to an early withdrawal penalty of at
309 least seven days' simple interest on amounts

310 withdrawn within the first six days after deposit,
311 subject to those exceptions permissible under
312 Title 12, Part 204 of the Code of Federal
313 Regulations, as from time to time amended.

314 Sec. 2. Subdivision (17) of section 36a-316
315 of the general statutes is repealed and the
316 following is substituted in lieu thereof:

317 (17) "Savings deposit" means a savings
318 deposit, as defined in [subsection (54)]
319 SUBDIVISION (55) of section 36a-2, AS AMENDED BY
320 SECTION 1 OF THIS ACT, and the payment on shares
321 at a Connecticut credit union or federal credit
322 union, and a "savings account" is a deposit
323 account which contains savings deposits.

324 Sec. 3. Section 36a-381 of the general
325 statutes is repealed and the following is
326 substituted in lieu thereof:

327 The provisions of sections 36a-380 to
328 36a-386, inclusive, shall not apply to the
329 administration of: (1) Any trust for cemetery
330 purposes by an incorporated cemetery association;
331 (2) any charitable, religious or educational trust
332 by a corporation organized for charitable,
333 religious or educational purposes; (3) any trust
334 by a life insurance company of the proceeds of its
335 insurance policies; (4) any trust by a corporation
336 without compensation and not as a part of its
337 regular business; (5) any trust in real or
338 personal property the trustee of which is a
339 corporation acting pursuant to the provisions of
340 section 45a-206; [or] (6) any trust the trustee of
341 which is a corporation acting pursuant to the
342 provisions of section 36a-395; OR (7) ANY TRUST
343 THE TRUSTEE OF WHICH IS A CORPORATION ACTING
344 PURSUANT TO SECTION 5 OF THIS ACT.

345 Sec. 4. Subdivision (7) of section 36a-596 of
346 the general statutes is repealed and the following
347 is substituted in lieu thereof:

348 (7) "Permissible investment" means: (A) Cash
349 in United States currency; (B) time deposits, as
350 defined in subdivision [(62)] (63) of section
351 36a-2, AS AMENDED BY SECTION 1 OF THIS ACT, or
352 other debt instruments of a bank; (C) bills of
353 exchange or bankers acceptances which are eligible
354 for purchase by member banks of the Federal
355 Reserve System; (D) commercial paper of prime
356 quality; (E) interest-bearing bills, notes, bonds,
357 debentures or other obligations issued or

358 guaranteed by: (i) The United States or any of its
359 agencies or instrumentalities, or (ii) any state,
360 or any agency, instrumentality, political
361 subdivision, school district or legally
362 constituted authority of any state if such
363 investment is of prime quality; (F)
364 interest-bearing bills or notes, or bonds,
365 debentures or preferred stocks, traded on any
366 national securities exchange or on a national
367 over-the-counter market, if such debt or equity
368 investments are of prime quality; (G) receivables
369 due from selling agents consisting of the proceeds
370 of the sale of instruments which are not past due
371 or doubtful of collection; (H) gold; and (I) any
372 other investments approved by the commissioner.
373 Notwithstanding the provisions of this
374 subdivision, if the commissioner at any time finds
375 that an investment of a licensee is unsatisfactory
376 for investment purposes, the investment shall not
377 qualify as a permissible investment.

378 Sec. 5. (NEW) (a) Any out-of-state trust
379 company, whether or not owned or controlled by an
380 out-of-state-holding company or a foreign banking
381 corporation, as defined in subsection (a) of
382 section 36a-425 of the general statutes, may, with
383 the approval of the commissioner, establish and
384 maintain an office in this state to act as a
385 fiduciary or engage in a trust business in this
386 state, provided the laws of the state in which
387 such trust company is chartered authorize (1)
388 similar companies chartered in this state to act
389 as a fiduciary and (2) banks organized to function
390 solely in a fiduciary capacity to establish and
391 maintain such office in such state. Such approved
392 out-of-state trust company shall be deemed to
393 transact business in this state for the purposes
394 of section 33-920 of the general statutes, as
395 amended, subsection (a) of section 33-1210 of the
396 general statutes, as amended, section 34-223 of
397 the general statutes or section 34-429 of the
398 general statutes and shall comply with the
399 applicable requirements of said sections.
400 Application for approval to establish and maintain
401 an office pursuant to this section shall be made
402 on forms prescribed by the commissioner. Such
403 application shall state the minimum equity capital
404 of the out-of-state trust company which shall be
405 at least two million dollars. Such application

406 shall be accompanied by evidence of compliance
407 with the applicable requirements of the regulator
408 in the state in which the out-of-state trust
409 company is chartered for the establishment and
410 maintenance of such office and the bond required
411 under section 6 of this act. The out-of-state
412 trust company shall pay to the commissioner, at
413 the time of making such application, a
414 nonrefundable fee of one thousand five hundred
415 dollars. The application shall be deemed approved
416 and the applicant may commence business at the
417 office unless the commissioner disapproves the
418 application within thirty days after the
419 application has been filed with the commissioner.
420 The thirty-day period of review may be extended
421 by the commissioner, in writing, on a
422 determination that the application raises issues
423 that require additional information or additional
424 time for analysis.

425 (b) The commissioner may approve the
426 application if the commissioner finds that: (1)
427 The proposed managers of the office have the
428 capacity and fitness for the duties and
429 responsibilities with which they will be charged;
430 (2) the out-of-state trust company has sufficient
431 financial resources to undertake its proposed
432 activities; and (3) the establishment of the
433 office is in the public interest.

434 Sec. 6. (NEW) The governing board of an
435 out-of-state trust company that maintains an
436 office in this state shall require that each of
437 its officers and employees at such office be
438 bonded in favor of the out-of-state trust company
439 by a surety company authorized to do business in
440 this state in such amounts as are approved by the
441 governing board and are acceptable to the
442 commissioner.

443 Sec. 7. (NEW) (a) The commissioner may make
444 such examination or investigation of any office
445 established and maintained in this state by an
446 out-of-state trust company as the commissioner may
447 deem necessary to determine whether the office is
448 being operated in compliance with the laws of this
449 state and in accordance with safe and sound
450 practices. The out-of-state trust company shall
451 pay the expenses of examination or investigation
452 made under this section.

453 (b) The commissioner may require periodic
454 reports regarding any out-of-state trust company
455 that has established and maintains an office in
456 this state.

457 (c) The commissioner may enter into
458 cooperative, coordinating and information-sharing
459 agreements with any other state or federal
460 supervisory agencies or any organization
461 affiliated with or representing such supervisory
462 agencies with respect to the periodic examination
463 or other supervision of any office in this state
464 of an out-of-state trust company, and the
465 commissioner, in lieu of conducting an examination
466 or investigation, may accept the report of
467 examination and report of investigation of such
468 agency or organization.

469 (d) The commissioner may enter into joint
470 examinations or joint enforcement actions with
471 other state or federal supervisory agencies having
472 concurrent jurisdiction over any office
473 established and maintained in this state by an
474 out-of-state trust company, provided the
475 commissioner may at any time take such actions
476 independently if the commissioner deems such
477 actions to be necessary or appropriate.

478 Sec. 8. (NEW) Each out-of-state trust company
479 that maintains an office in this state pursuant to
480 sections 5 to 8, inclusive, of this act shall give
481 at least thirty days' prior written notice or, in
482 the case of an emergency transaction, such shorter
483 notice as is consistent with applicable state or
484 federal law, to the commissioner of (1) any
485 merger, consolidation, or other transaction that
486 would cause a change of control with respect to
487 such out-of-state trust company, (2) any transfer
488 of all or substantially all of the trust accounts
489 or trust assets of the out-of-state trust company
490 to another person, or (3) the closing or
491 disposition of any such office in this state.

492 BA COMMITTEE VOTE: YEA 18 NAY 0 JF C/R JUD
493 JUD COMMITTEE VOTE: YEA 39 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES 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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FISCAL IMPACT STATEMENT - BILL NUMBER SB 235

STATE IMPACT Revenue Gain, Workload Increase,
 Within Anticipated Budgetary
 Resources (Banking Fund), see
 below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Banking

	Current FY	1998-99	1999-2000
State Cost (savings)	:	:	:
St Revenue (loss)	:	7,500	:
Net St Cost (savings)	:	:	:
Municipal Impact	:	:	:

EXPLANATION OF ESTIMATES:

The bill authorizes out-of-state trust companies to establish and maintain offices in Connecticut. Approval by the Commissioner of Banking is needed for these trust companies to act as fiduciaries or engage in a trust business. The state from which they are chartered must allow the same trust services.

The out-of-state company shall pay to the Commissioner

upon such application, a non-refundable application fee of \$1,500.

The Commissioner of Banking may make such examination or investigation of any office established or maintained as he deems necessary. The Commissioner may also enter into cooperative agreements with other states. This would enable him to accept examinations or investigations from these states.

There is a revenue gain of \$7,500 for the Banking Fund. It is expected that around five out-of-state trust companies will open branch offices in the state of Connecticut, in FY 1998-99.

There could be a workload increase for the Department of Banking associated with examining these trust branches. For FY 1998-99, it is expected that these examinations can be handled within the Department of Banking resources. Additional resources could be needed in the future if more out-of-state trust offices are established.

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OLR BILL ANALYSIS

SB 235

AN ACT CONCERNING TRUST COMPANIES

SUMMARY: This bill allows any out-of-state trust company, with the banking commissioner's approval, to establish and maintain an office in Connecticut to act as a fiduciary or engage in a trust business here, if the state where it is chartered reciprocates. It prescribes application procedures and approval standards; requires a bond for the company's officers and employees; gives the commissioner examination and investigatory powers over the trust companies' offices in Connecticut; and requires the trust company to notify the commissioner when mergers, transfers of trust assets, and office closings take place.

EFFECTIVE DATE: October 1, 1998

FURTHER EXPLANATION

Authority for Out-of-State Companies to Open Trust
Offices in State

Current law prohibits nonbank out-of-state trust companies from opening offices or engaging in fiduciary activities in Connecticut. The banking law allows only in-state banks and out-of-state banks with branches in Connecticut to exercise fiduciary powers here. Although another statute outside the banking laws permits a foreign corporation to act as an executor and trustee in Connecticut, if it meets certain requirements, it does not appear to allow them to engage in a broad range of fiduciary activities or to do so through offices in Connecticut.

The bill permits such an office and activity in Connecticut, if the laws of the state where the company is chartered authorize (1) similar companies chartered in Connecticut to act as a fiduciary and (2) banks organized to function solely in a fiduciary capacity to set up such an office in that state. It defines an "out-of-state trust company" as any company chartered to act as a fiduciary, but does not include a company chartered under Connecticut law or an in-state or out-of-state bank or credit union. It requires an approved trust company to: (1) apply to the secretary of the state for a certificate of authority to transact business or, if applicable, register with the secretary of the state and (2) appoint an agent for service of process, as other out-of-state companies, limited liability companies, and limited liability partnerships must do.

The application must be made on forms prescribed by the commissioner and state the company's equity capital, which the bill sets at a minimum of \$2 million. It must be accompanied by evidence of compliance with the (1) requirements of the regulator in the state where the company is chartered and (2) bond required in this bill. The bill requires the company to pay the commissioner a nonrefundable \$1,500 application fee. The application is deemed approved unless the commissioner disapproves it within 30 days after it is filed. The commissioner has the option to extend the 30-day review period, in writing, if he determines that the application raises issues that require more information or time for analysis.

Commissioner's Approval Standards

The bill allows the commissioner to approve the application if he finds that:

1. the office's proposed managers are capable of and fit for their duties and responsibilities,
2. the company has sufficient financial resources to undertake its proposed activities, and
3. the office's establishment is in the public interest.

Bonding

Under the bill, the governing board of such a company that maintains an office in this state must require that each officer and employee at that office be bonded by a surety company authorized to do business here in whatever amounts the board authorizes and the commissioner approves.

Examinations

The bill allows the commissioner to examine or investigate the out-of-state trust company's office in this state as he considers necessary to determine whether it is operating in compliance with Connecticut law and safe and sound practices. The company must pay expenses of the examination or investigation. It allows him to require periodic reports regarding any out-of-state trust company that has established an office in this state. It further allows him to enter into cooperative, coordinating, and information-sharing agreements with other state or federal supervisory agencies (or organizations affiliated with or representing them) regarding the periodic examination or other supervision of such an office in Connecticut. The commissioner, instead of conducting his own examination, may accept the other agency's or organization's report. Under the bill, he can also enter into joint examinations or enforcement actions with other regulators who have concurrent jurisdiction over the company's office in this state, but he can still take such action independently at any time if he considers it necessary or appropriate.

Notice

The bill requires each out-of-state trust company that has an office here to give the commissioner at least 30 days' prior written or, in the case of an emergency transaction, such shorter notice as is consistent with applicable state or federal law of:

1. any merger, consolidation, or other transaction that causes a change of control of the company;
2. any transfer of all or substantially all of the company's trust accounts or trust assets to another person; or
3. the closing or other disposition of the office.

BACKGROUND**Fiduciary and Trust Powers**

Fiduciary powers include acting as executor or administrator of a deceased person's estate, or guardian, conservator, custodian, or trustee of a trust. A fiduciary has the duty to act for the benefit of the individual or corporation for whom he has contracted to undertake fiduciary responsibilities. A trust company or a trust department of a bank that administers trusts, settles estates, or acts as an agent in other capacities for individuals or corporations is said to engage in a trust business or "exercise trust powers." Trust administration is mainly a matter of prudently managing and investing the money or property in the trust to provide continuing benefits to a beneficiary.

Related Bill

SB 376 allows the commissioner to waive the existing reciprocity requirement for out-of-state banks that seek to open a new branch here that only engages in fiduciary or trust powers. Out-of-state banks' full-service new branches must meet the interstate banking law's requirement that the other state reciprocate by allowing Connecticut banks to do the same there.

COMMITTEE ACTION

Banks Committee

Joint Favorable Change of Reference
Yea 18 Nay 0

Judiciary Committee

Joint Favorable Report
Yea 39 Nay 0