

Senate, March 19, 1998. The Committee on Banks reported through SEN. FONFARA, 1st DIST., Chairman of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CERTAIN TRUST OFFICES OF FOREIGN BANKING CORPORATIONS.

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

1 Section 1. Subdivision (2) of subsection (a)  
2 of section 36a-412 of the general statutes is  
3 repealed and the following is substituted in lieu  
4 thereof:

5 (2) Any out-of-state bank, other than a  
6 foreign bank, may, with the approval of the  
7 commissioner, and in accordance with the  
8 provisions of this subdivision, establish a de  
9 novo branch in this state. [, provided] SUCH  
10 ESTABLISHMENT SHALL NOT TAKE PLACE UNLESS the laws  
11 of the home state of such out-of-state bank  
12 authorize, under conditions no more restrictive  
13 than those imposed by the laws of this state, as  
14 determined by the commissioner, a bank to  
15 establish a de novo branch in the home state of  
16 such out-of-state bank, PROVIDED THE COMMISSIONER  
17 MAY WAIVE SUCH RECIPROCITY REQUIREMENT FOR THE  
18 ESTABLISHMENT OF A DE NOVO BRANCH THE ACTIVITIES  
19 OF WHICH ARE LIMITED TO THE EXERCISE OF FIDUCIARY  
20 OR TRUST POWERS. Any such establishment shall be  
21 effected in accordance with and subject to the  
22 filing requirements and any limitations imposed by  
23 section 36a-145. Any such out-of-state bank that

24 engages in business in this state shall comply  
25 with the requirements of section [33-396] 33-920,  
26 AS AMENDED, or subsection (a) of section 33-1210,  
27 AS AMENDED. Before approving any such  
28 establishment, the commissioner shall make such  
29 considerations, determinations and findings as  
30 required by section 36a-145 and, in addition,  
31 shall consider whether such establishment can  
32 reasonably be expected to produce benefits to the  
33 public and whether such benefits clearly outweigh  
34 possible adverse effects, including, but not  
35 limited to, an undue concentration of resources  
36 and decreased or unfair competition. The  
37 commissioner shall not approve such establishment  
38 unless the commissioner considers whether: (A) The  
39 investment and lending policies of the  
40 out-of-state bank are consistent with safe and  
41 sound banking practices and will benefit the  
42 economy of this state; (B) the proposed services  
43 of the branch are consistent with safe and sound  
44 banking practices and will benefit the economy of  
45 this state; (C) the establishment will not  
46 substantially lessen competition in this state;  
47 (D) the out-of-state bank is adequately managed  
48 and will continue to be adequately managed upon  
49 establishment of such branch; and (E) the  
50 out-of-state bank is in compliance with applicable  
51 minimum capital requirements. The commissioner  
52 shall not approve such establishment unless the  
53 commissioner makes the findings required by  
54 section 36a-34, AS AMENDED. An out-of-state bank  
55 which has established a de novo branch in this  
56 state in accordance with this subdivision may  
57 establish additional branches in this state in  
58 accordance with section 36a-145, PROVIDED THE  
59 ACTIVITIES OF SUCH ADDITIONAL BRANCHES OF AN  
60 OUT-OF-STATE BANK FOR WHICH THE COMMISSIONER  
61 WAIVED SUCH RECIPROCITY REQUIREMENT SHALL BE  
62 LIMITED TO THE EXERCISE OF FIDUCIARY OR TRUST  
63 POWERS.

64 Sec. 2. This act shall take effect from its  
65 passage.

66 BA COMMITTEE VOTE: YEA 18 NAY 0 JFS

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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 sSB 376**

STATE IMPACT	Potential Increase	Minimal (Banking Fund),	Workload see explanation below
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MUNICIPAL IMPACT	None
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STATE AGENCY(S)	Department of Banking
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**EXPLANATION OF ESTIMATES:**

There is a potential minimal workload increase for the Department of Banking as a result of the passage of this bill. This potential additional workload is associated with the Commissioner of Banking possibly waiving reciprocity requirements for the establishment of a de novo branch.

It is expected that the potential minimal workload increase can be handled within the anticipated budgetary resources of the Department of Banking.

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**OLR BILL ANALYSIS**

sSB 376

**AN ACT CONCERNING CERTAIN TRUST OFFICES OF FOREIGN BANKING CORPORATIONS**

**SUMMARY:** Connecticut's interstate banking law allows out-of-state banks, with the banking commissioner's approval, to establish new branches in Connecticut as

long as the bank's home state reciprocates under conditions no more restrictive than Connecticut's, as determined by the commissioner. This bill allows the commissioner to waive the reciprocity requirement for a new branch that exercises only fiduciary or trust powers. Under the bill, an out-of-state bank that opens a branch under the waiver can then open additional branches in the state as long as their activities are also limited to fiduciary or trust powers.

EFFECTIVE DATE: Upon passage

## **BACKGROUND**

### **Fiduciary and Trust Powers**

Fiduciary powers include acting as executor or administrator of a deceased person's estate, guardian, conservator, custodian, or as trustee of a trust. A fiduciary has the duty to act for the benefit of the individual or corporation for whom he has contracted. A trust can be established by someone for the benefit of himself or another person. It can be a testamentary trust that takes effect when the trustor dies or a living trust that takes effect while he is alive. The trustor transfers nominal title to assets to the trustee and spells out the trustee's duties for the benefit of the beneficiary in the trust agreement. A trust company or a trust department of a bank administers trusts, settles estates, or acts as an agent in other capacities for individuals or corporations. Trust administration is mainly a matter of prudently managing and investing the money or property in the trust to provide continuing benefits to the income beneficiary.

## **COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute  
Yea 18      Nay 0