

CHAPTER 41

FINANCIAL INSTITUTIONS

HOUSE BILL 02-1092

BY REPRESENTATIVE(S) Williams T., Groff, Ragsdale, and Tapia;
also SENATOR(S) Tate, Hernandez, and Lamborn.

AN ACT

CONCERNING ACTIVITIES OF TRUST COMPANIES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 11-23-102, Colorado Revised Statutes, is amended to read:

11-23-102. Definitions. As used in this article, unless the context otherwise requires:

(1) "ACT AS A FIDUCIARY" OR "ACTING AS A FIDUCIARY" MEANS TO:

(a) ACCEPT OR EXECUTE TRUSTS, INCLUDING TO:

(I) ACT AS TRUSTEE UNDER A WRITTEN AGREEMENT;

(II) RECEIVE MONEY OR OTHER PROPERTY IN THE CAPACITY AS TRUSTEE FOR INVESTMENT IN REAL OR PERSONAL PROPERTY;

(III) ACT AS TRUSTEE AND PERFORM THE FIDUCIARY DUTIES COMMITTED OR TRANSFERRED TO THE TRUSTEE BY ORDER OF A COURT OF COMPETENT JURISDICTION;

(IV) ACT AS PERSONAL REPRESENTATIVE OR TRUSTEE OF THE ESTATE OF A DECEASED PERSON; OR

(V) ACT AS TRUSTEE FOR A MINOR OR INCAPACITATED PERSON;

(b) ADMINISTER REAL OR TANGIBLE PERSONAL PROPERTY IN ANY OTHER FIDUCIARY CAPACITY; OR

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(c) ACT PURSUANT TO AN ORDER OF A COURT OF COMPETENT JURISDICTION AS PERSONAL REPRESENTATIVE, EXECUTOR, OR ADMINISTRATOR OF THE ESTATE OF A DECEASED PERSON OR AS A GUARDIAN OR CONSERVATOR FOR A MINOR OR INCAPACITATED PERSON.

~~(1)~~ (2) "Banking board" means the banking board created in section 11-2-102.

~~(1.5)~~ (3) "Commissioner" means the state bank commissioner.

~~(2)~~ (4) "Order" means all or any part of the final disposition, whether affirmative, negative, injunctive, or declaratory in form, by the banking board of any matter other than the making of ~~regulations~~ RULES of general application.

~~(3)~~ (5) "Person" means an individual, corporation, partnership, joint venture, unincorporated association, or any other legal or commercial entity.

(6) "REPRESENTATIVE TRUST OFFICE" MEANS AN OFFICE AT WHICH A TRUST COMPANY HAS BEEN AUTHORIZED BY THE COMMISSIONER TO ENGAGE IN A TRUST BUSINESS OTHER THAN ACTING AS A FIDUCIARY.

~~(3.5)~~ (7) "Savings deposit" means a deposit or account with respect to which the depositor is not required by the deposit contract, but may at any time be required by the trust company, to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit, and funds deposited to the credit of, or in which any beneficial interest is held by, a corporation, association, partnership, or other organization operated for profit do not exceed one hundred fifty thousand dollars per depositor at the trust company.

~~(3.6)~~ (8) "Time deposit" means a deposit that the depositor does not have a right to withdraw for a period of seven days or more from the date of deposit. A "time deposit" may be represented by a transferable or nontransferable, or a negotiable or nonnegotiable, certificate, instrument, passbook, statement, or otherwise.

~~(3.7)~~ (9) "Transaction account" means a ~~deposit or account on which the depositor or account holder is permitted to make withdrawals by a negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar device for the purpose of making the payments or transfers to third persons or others~~ DEPOSIT OR ACCOUNT THAT THE DEPOSITOR OR ACCOUNT HOLDER MAY WITHDRAW BY CHECK OR BY SIMILAR MEANS FOR PAYMENT TO THIRD PARTIES.

(10) "TRUST BUSINESS" MEANS THE HOLDING OUT BY A PERSON TO THE PUBLIC BY ADVERTISING, SOLICITATION, OR OTHER MEANS THAT THE PERSON IS AVAILABLE TO PERFORM ANY SERVICE AUTHORIZED PURSUANT TO SECTION 11-23-103, INCLUDING ACTING AS A FIDUCIARY.

~~(4)~~ (11) "Trust company" means a corporation organized pursuant to and subject to regulation by the provisions of this article.

(12) "TRUST INSTITUTION" MEANS A TRUST COMPANY, A FEDERAL OR STATE CHARTERED BANK WITH TRUST POWERS, OR A TRUST COMPANY CHARTERED UNDER

THE LAWS OF ANOTHER STATE.

(13) "TRUST OFFICE" MEANS AN OFFICE, OTHER THAN THE PRINCIPAL OFFICE, AT WHICH A TRUST COMPANY IS AUTHORIZED BY THE BANKING BOARD TO ENGAGE IN THE TRUST BUSINESS AND TO ACT AS A FIDUCIARY.

SECTION 2. 11-23-103 (2), Colorado Revised Statutes, is amended to read:

11-23-103. Powers of trust companies. (2) Except for those powers specifically authorized in subsection (1) of this section AND SECTION 11-23-114, a trust company shall not have the power to conduct a banking business, receive and maintain transaction deposit accounts, nor use the word "bank" in its name.

SECTION 3. Article 23 of title 11, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SECTIONS to read:

11-23-103.2. Offices of trust companies. (1) (a) EACH TRUST COMPANY SHALL HAVE AND CONTINUOUSLY MAINTAIN A PRINCIPAL OFFICE IN THIS STATE.

(b) EACH EXECUTIVE OFFICER AT THE PRINCIPAL OFFICE IS AN AGENT OF THE TRUST COMPANY FOR SERVICE OF PROCESS.

(c) A TRUST COMPANY MAY CHANGE ITS PRINCIPAL OFFICE TO ANY LOCATION WITHIN THIS STATE BY FILING A WRITTEN NOTICE WITH THE BANKING BOARD. THE WRITTEN NOTICE SHALL CONTAIN:

(I) THE NAME OF THE TRUST COMPANY;

(II) THE STREET ADDRESS OF ITS PRINCIPAL OFFICE BEFORE THE CHANGE;

(III) THE STREET ADDRESS TO WHICH THE PRINCIPAL OFFICE IS TO BE CHANGED;
AND

(IV) A COPY OF THE RESOLUTION AUTHORIZING THE CHANGE ADOPTED BY THE BOARD OF DIRECTORS OF THE TRUST COMPANY.

(d) THE CHANGE OF PRINCIPAL OFFICE SHALL TAKE EFFECT ON THE THIRTY-FIRST DAY AFTER THE DATE THE BANKING BOARD RECEIVES THE NOTICE PURSUANT TO PARAGRAPH (c) OF THIS SUBSECTION (1), UNLESS:

(I) THE BANKING BOARD ESTABLISHES AN EARLIER OR LATER DATE; OR

(II) PRIOR TO SUCH DAY THE BANKING BOARD NOTIFIES THE TRUST COMPANY THAT THE TRUST COMPANY SHALL ESTABLISH, TO THE SATISFACTION OF THE BANKING BOARD, THAT THE RELOCATION IS CONSISTENT WITH THE ORIGINAL DETERMINATION MADE UNDER SECTION 11-23-109 FOR THE ESTABLISHMENT OF A TRUST COMPANY AT THAT LOCATION, IN WHICH EVENT THE CHANGE OF PRINCIPAL OFFICE SHALL TAKE EFFECT WHEN APPROVED BY THE COMMISSIONER.

(2) A TRUST COMPANY MAY ACT AS A FIDUCIARY AND ENGAGE IN A TRUST BUSINESS AT EACH TRUST OFFICE AS PERMITTED BY THIS ARTICLE.

(3) A TRUST COMPANY MAY NOT ACT AS A FIDUCIARY BUT MAY OTHERWISE ENGAGE IN A TRUST BUSINESS AT A REPRESENTATIVE TRUST OFFICE AS PERMITTED BY THIS ARTICLE.

(4) (a) A TRUST COMPANY MAY ESTABLISH OR ACQUIRE AND MAINTAIN TRUST OFFICES OR REPRESENTATIVE TRUST OFFICES ANYWHERE IN THIS STATE.

(b) (I) A TRUST COMPANY DESIRING TO ESTABLISH OR ACQUIRE AND MAINTAIN AN ADDITIONAL OFFICE SHALL FILE A WRITTEN NOTICE WITH THE BANKING BOARD. THE WRITTEN NOTICE SHALL CONTAIN THE FOLLOWING:

(A) THE NAME OF THE TRUST COMPANY;

(B) THE LOCATION OF THE PROPOSED ADDITIONAL OFFICE; AND

(C) INFORMATION INDICATING WHETHER THE ADDITIONAL OFFICE WILL BE A TRUST OFFICE OR A REPRESENTATIVE TRUST OFFICE.

(II) THE TRUST COMPANY SHALL ALSO FURNISH A COPY OF THE RESOLUTION AUTHORIZING THE ADDITIONAL OFFICE ADOPTED BY THE BOARD OF DIRECTORS OF THE TRUST COMPANY AND SHALL PAY THE FILING FEE, IF ANY, PRESCRIBED BY THE BANKING BOARD.

(c) THE TRUST COMPANY MAY COMMENCE BUSINESS AT THE ADDITIONAL OFFICE ON THE THIRTY-FIRST DAY AFTER THE DATE THE BANKING BOARD RECEIVES THE NOTICE, UNLESS THE BANKING BOARD SPECIFIES AN EARLIER OR LATER DATE.

(d) THE THIRTY-DAY PERIOD OF REVIEW MAY BE EXTENDED BY THE BANKING BOARD ON A DETERMINATION THAT THE WRITTEN NOTICE RAISES ISSUES THAT REQUIRE ADDITIONAL INFORMATION OR ADDITIONAL TIME FOR ANALYSIS. IF THE PERIOD OF REVIEW IS EXTENDED, THE TRUST COMPANY MAY ESTABLISH THE ADDITIONAL OFFICE ONLY ON PRIOR WRITTEN APPROVAL BY THE BANKING BOARD.

(e) THE BANKING BOARD MAY DENY APPROVAL OF THE ADDITIONAL OFFICE IF THE BANKING BOARD FINDS THAT THE TRUST COMPANY LACKS SUFFICIENT FINANCIAL RESOURCES TO UNDERTAKE THE PROPOSED EXPANSION WITHOUT ADVERSELY AFFECTING ITS SAFETY OR SOUNDNESS OR THAT ESTABLISHMENT OF THE PROPOSED OFFICE WOULD BE CONTRARY TO THE PUBLIC INTEREST.

(5) A TRUST COMPANY CHARTERED BY A STATE OTHER THAN COLORADO MAY ESTABLISH AND MAINTAIN A TRUST OFFICE OR REPRESENTATIVE TRUST OFFICE ANYWHERE IN THIS STATE IF THE ESTABLISHMENT AND OPERATION OF SUCH OFFICE IS AUTHORIZED EXPRESSLY BY RULES PROMULGATED BY THE BANKING BOARD FOR THAT PURPOSE. THE OUT-OF-STATE TRUST COMPANY MUST PROVIDE TO THE COMMISSIONER NOTICE OF ITS INTENT TO OPEN AN OFFICE AT LEAST SIXTY DAYS BEFORE OPENING SUCH OFFICE FOR BUSINESS.

11-23-103.3. Activities not requiring a charter. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE TO THE CONTRARY, A COMPANY DOES NOT ENGAGE IN THE TRUST BUSINESS, OR IN ANY OTHER BUSINESS IN A MANNER REQUIRING A CHARTER, UNDER THIS ARTICLE OR IN AN UNAUTHORIZED TRUST ACTIVITY BY:

- (a) ACTING IN THE SCOPE OF AUTHORITY AS AN AGENT OF A TRUST INSTITUTION;
- (b) RENDERING A SERVICE CUSTOMARILY PERFORMED BY AN ATTORNEY OR LAW FIRM IN A MANNER APPROVED AND AUTHORIZED BY THE COLORADO SUPREME COURT;
- (c) ACTING AS TRUSTEE UNDER A DEED OF TRUST DELIVERED ONLY AS SECURITY FOR THE PAYMENT OF MONEY OR FOR THE PERFORMANCE OF ANOTHER ACT;
- (d) RECEIVING AND DISTRIBUTING RENTS AND PROCEEDS OF SALE AS A LICENSED REAL ESTATE BROKER ON BEHALF OF A PRINCIPAL IN A MANNER AUTHORIZED BY THE REAL ESTATE COMMISSION PURSUANT TO ARTICLE 61 OF TITLE 12, C.R.S.;
- (e) ENGAGING IN A SECURITIES TRANSACTION OR PROVIDING AN INVESTMENT ADVISORY SERVICE AS A LICENSED AND REGISTERED BROKER-DEALER, INVESTMENT ADVISOR, OR REGISTERED REPRESENTATIVE OF AN INVESTMENT ADVISOR, IF THE ACTIVITY IS REGULATED BY THE SECURITIES COMMISSIONER OR THE FEDERAL SECURITIES AND EXCHANGE COMMISSION;
- (f) ENGAGING IN THE SALE AND ADMINISTRATION OF AN INSURANCE PRODUCT AS AN INSURANCE COMPANY OR AGENT LICENSED BY THE DIVISION OF INSURANCE TO THE EXTENT THAT THE ACTIVITY IS REGULATED BY THE DIVISION OF INSURANCE;
- (g) ACTING AS TRUSTEE FOR A PUBLIC, PRIVATE, OR INDEPENDENT INSTITUTION OF HIGHER EDUCATION OR A UNIVERSITY SYSTEM, INCLUDING AN INSTITUTION OF HIGHER EDUCATION'S OR UNIVERSITY SYSTEM'S AFFILIATED FOUNDATIONS OR CORPORATIONS, WITH RESPECT TO ENDOWMENT FUNDS OR OTHER FUNDS OWNED, CONTROLLED, PROVIDED TO, OR OTHERWISE MADE AVAILABLE TO SUCH INSTITUTION OR SYSTEM WITH RESPECT TO ITS EDUCATIONAL OR RESEARCH PURPOSES;
- (h) RENDERING SERVICES CUSTOMARILY PERFORMED BY A CERTIFIED PUBLIC ACCOUNTANT IN A MANNER AUTHORIZED BY ARTICLE 2 OF TITLE 12, C.R.S.;
- (i) IF THE COMPANY IS A TRUST INSTITUTION AND IS NOT OTHERWISE PROHIBITED FROM ENGAGING IN A TRUST BUSINESS IN THIS STATE:
 - (I) MARKETING OR SOLICITING IN THIS STATE THROUGH THE MAILS, TELEPHONE, ANY ELECTRONIC MEANS, OR IN PERSON WITH RESPECT TO ACTING OR PROPOSING TO ACT AS A FIDUCIARY OUTSIDE OF THIS STATE;
 - (II) DELIVERING MONEY OR OTHER INTANGIBLE ASSETS AND RECEIVING THE MONEY OR OTHER INTANGIBLE ASSETS FROM A CLIENT OR OTHER PERSON IN THIS STATE; OR
 - (III) ACCEPTING OR EXECUTING OUTSIDE OF THIS STATE A TRUST OF ANY CLIENT OR OTHERWISE ACTING AS A FIDUCIARY OUTSIDE OF THIS STATE FOR ANY CLIENT.

11-23-103.7. Transactions with affiliates. (1) UNLESS OTHERWISE PROHIBITED BY LAW, A TRUST COMPANY AND ITS AFFILIATES MAY ENGAGE IN ANY OF THE TRANSACTIONS DESCRIBED IN SUBSECTION (2) OF THIS SECTION IF SUCH TRANSACTIONS ARE EITHER:

(a) ON TERMS AND UNDER CIRCUMSTANCES, INCLUDING CREDIT STANDARDS, THAT ARE SUBSTANTIALLY THE SAME, OR AT LEAST AS FAVORABLE TO SUCH TRUST COMPANY OR ITS SUBSIDIARY, AS THOSE PREVAILING AT THE TIME FOR COMPARABLE TRANSACTIONS WITH OR INVOLVING NONAFFILIATED COMPANIES; OR

(b) IN THE ABSENCE OF COMPARABLE TRANSACTIONS, ON TERMS AND UNDER CIRCUMSTANCES, INCLUDING CREDIT STANDARDS, THAT IN GOOD FAITH WOULD BE OFFERED TO, OR WOULD APPLY TO, NONAFFILIATED COMPANIES.

(2) **Transactions covered.** SUBSECTION (1) OF THIS SECTION SHALL APPLY TO THE FOLLOWING:

(a) A PURCHASE OF, OR AN INVESTMENT IN, SECURITIES ISSUED BY THE AFFILIATE;

(b) A PURCHASE OF ASSETS, INCLUDING ASSETS SUBJECT TO AN AGREEMENT TO REPURCHASE, FROM THE AFFILIATE;

(c) THE ACCEPTANCE OF SECURITIES ISSUED BY THE AFFILIATE AS COLLATERAL SECURITY FOR A LOAN OR EXTENSION OF CREDIT TO ANY PERSON OR COMPANY;

(d) THE SALE OF SECURITIES OR OTHER ASSETS TO AN AFFILIATE, INCLUDING ASSETS SUBJECT TO AN AGREEMENT TO REPURCHASE;

(e) THE PAYMENT OF MONEY OR THE FURNISHING OF SERVICES TO AN AFFILIATE UNDER CONTRACT, LEASE, OR OTHERWISE;

(f) ANY TRANSACTION IN WHICH AN AFFILIATE ACTS AS AN AGENT OR BROKER OR RECEIVES A FEE FOR ITS SERVICES FOR THE TRUST COMPANY OR FOR ANY OTHER PERSON; AND

(g) ANY TRANSACTION OR SERIES OF TRANSACTIONS WITH A THIRD PARTY INCLUDING THOSE IN WHICH AN AFFILIATE HAS A FINANCIAL INTEREST IN THE THIRD PARTY OR IS A PARTICIPANT IN SUCH TRANSACTION OR SERIES OF TRANSACTIONS.

(3) (a) A COMPANY OR SHAREHOLDER SHALL BE DEEMED TO HAVE CONTROL OVER ANOTHER COMPANY IF SUCH COMPANY OR SHAREHOLDER:

(I) DIRECTLY OR INDIRECTLY, OR ACTING THROUGH ONE OR MORE OTHER PERSONS, OWNS, CONTROLS, OR HAS POWER TO VOTE TWENTY-FIVE PERCENT OR MORE OF ANY CLASS OF VOTING SECURITIES OF THE OTHER COMPANY; OR

(II) CONTROLS IN ANY MANNER THE ELECTION OF A MAJORITY OF THE DIRECTORS OR TRUSTEES OF THE OTHER COMPANY.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, NO COMPANY SHALL BE DEEMED TO OWN OR CONTROL ANOTHER COMPANY BY VIRTUE OF ITS OWNERSHIP OR CONTROL OF SHARES IN A FIDUCIARY CAPACITY OR IF THE COMPANY OWNING OR CONTROLLING SUCH SHARES IS A BUSINESS TRUST.

(4) THE BANKING BOARD MAY PROMULGATE RULES TO EXEMPT TRANSACTIONS OR RELATIONSHIPS FROM THE REQUIREMENTS OF THIS SECTION IF THE BANKING BOARD

FINDS SUCH EXEMPTIONS ARE IN THE PUBLIC INTEREST AND CONSISTENT WITH THE PURPOSES OF THIS SECTION.

(5) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) (I) "AFFILIATE" WITH RESPECT TO A TRUST COMPANY MEANS:

(A) ANY COMPANY THAT CONTROLS THE TRUST COMPANY AND ANY OTHER COMPANY THAT IS CONTROLLED BY THE COMPANY THAT CONTROLS THE TRUST COMPANY;

(B) ANY COMPANY THAT IS CONTROLLED, DIRECTLY OR INDIRECTLY, BY A TRUST OR OTHERWISE, BY OR FOR THE BENEFIT OF SHAREHOLDERS WHO BENEFICIALLY OR OTHERWISE CONTROL, DIRECTLY OR INDIRECTLY, BY TRUST OR OTHERWISE, THE TRUST COMPANY OR ANY COMPANY THAT CONTROLS THE TRUST COMPANY;

(C) ANY COMPANY IN WHICH A MAJORITY OF ITS DIRECTORS OR TRUSTEES CONSTITUTE A MAJORITY OF THE PERSONS HOLDING ANY SUCH OFFICE WITH THE TRUST COMPANY OR ANY COMPANY THAT CONTROLS THE TRUST COMPANY;

(D) ANY COMPANY, INCLUDING A REAL ESTATE INVESTMENT TRUST, THAT IS SPONSORED AND ADVISED ON A CONTRACTUAL BASIS BY THE TRUST COMPANY OR ANY SUBSIDIARY OR AFFILIATE OF THE TRUST COMPANY; AND

(E) ANY INVESTMENT COMPANY WITH RESPECT TO WHICH A TRUST COMPANY OR ANY AFFILIATE THEREOF IS AN INVESTMENT ADVISOR AS DEFINED IN 15 U.S.C. SEC. 80a-2 (a) (20).

(II) "AFFILIATE" WITH RESPECT TO A TRUST COMPANY DOES NOT INCLUDE:

(A) ANY COMPANY THAT IS A SUBSIDIARY OF A TRUST COMPANY; AND

(B) ANY COMPANY ENGAGED SOLELY IN HOLDING THE PREMISES OF THE TRUST COMPANY.

(b) "COMPANY" MEANS A CORPORATION, PARTNERSHIP, BUSINESS TRUST, ASSOCIATION, OR SIMILAR ORGANIZATION AND, UNLESS SPECIFICALLY EXCLUDED, THE TERM "COMPANY" INCLUDES A "TRUST COMPANY" AND A "BANK".

(c) "SECURITIES" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 11-51-201 (17).

SECTION 4. 11-23-103.5, Colorado Revised Statutes, is amended to read:

11-23-103.5. Federal deposit insurance required. (1) ~~On or after December 31, 1990;~~ No trust company may accept or hold savings deposits, time deposits, or certificates of deposit pursuant to section 11-23-103 (1) (d) unless such deposits are insured by the federal deposit insurance corporation or its successor.

~~(2) A trust company, accepting deposits on July 1, 1989, shall apply to the federal deposit insurance corporation or its successor for deposit insurance not later than~~

~~December 1, 1989. If a trust company does not apply to the federal deposit insurance corporation or its successor for deposit insurance by December 31, 1989, it shall not accept any savings deposits, time deposits, or certificates of deposit after December 31, 1989.~~

~~(3) Upon written application to the banking board on or before September 30, 1990, showing good cause, the banking board may grant to a trust company an extension of time, not to exceed twelve months from December 31, 1990, to obtain deposit insurance from the federal deposit insurance corporation or its successor.~~

~~(4) (2) Each trust company shall immediately give notice to the banking board when it has applied to the federal deposit insurance corporation or its successor for deposit insurance and, thereafter, shall give bi-monthly reports on the status of its application for deposit insurance to the banking board until final disposition of the application is made.~~

~~(5) A trust company that does not have its deposits insured by the federal deposit insurance corporation or its successor on December 31, 1990, shall, except when an extension is granted by the banking board pursuant to subsection (3) of this section, immediately return all savings deposits, time deposits, and certificates of deposit to its depositors without an early withdrawal penalty.~~

SECTION 5. 11-23-110, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

11-23-110. Investments. (3.5) A TRUST COMPANY MAY ACQUIRE OR RETAIN AN EQUITY INVESTMENT IN A SUBSIDIARY OF WHICH THE TRUST COMPANY IS THE MAJORITY OWNER, SO LONG AS THE SUBSIDIARY IS ENGAGED IN ACTIVITIES THAT ARE ALLOWED PURSUANT TO THIS ARTICLE.

SECTION 6. 11-23-114, Colorado Revised Statutes, is amended to read:

11-23-114. Extensions of credit. (1) A trust company shall not make a loan to its officers or directors unless the loan is adequately secured. ~~Any loan in excess of seven thousand five hundred dollars shall be approved by the banking board~~ ANY LOANS OR EXTENSIONS OF CREDIT EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS SECTION.

(2) A TRUST COMPANY MAY:

(a) MAKE A LOAN OR EXTEND CREDIT TO ITS OFFICERS, DIRECTORS, AND EMPLOYEES IF SUCH LOAN OR CREDIT IS ADEQUATELY SECURED AND DOES NOT INVOLVE MORE THAN THE NORMAL RISK OF DEFAULT OR PRESENT OTHER UNFAVORABLE FEATURES. ANY LOAN OR EXTENSION OF CREDIT IN EXCESS OF TWENTY-FIVE THOUSAND DOLLARS SHALL BE SUBJECT TO PRIOR APPROVAL BY THE BANKING BOARD.

(b) ESTABLISH WITH ONE OR MORE BROKER-DEALERS MARGIN ACCOUNTS IN ITS NAME AS FIDUCIARY OR CUSTODIAN FOR THE BENEFIT OF THE OWNERS OR BENEFICIARIES OF SUCH ACCOUNTS.

SECTION 7. 24-72-204 (3.5) (c) (VII), Colorado Revised Statutes, is amended to read:

24-72-204. Allowance or denial of inspection - grounds - procedure - appeal. (3.5) (c) The custodian of any records described in paragraph (a) of this subsection (3.5) which concern an individual who has made a request of confidentiality pursuant to this subsection (3.5) and paid any required processing fee shall deny the right of inspection of the individual's address contained in such records on the ground that disclosure would be contrary to the public interest; except that such custodian shall allow the inspection of such records by such individual, by any person authorized in writing by such individual, and by any individual employed by one of the following entities who makes a request to the custodian to inspect such records and who provides evidence satisfactory to the custodian that the inspection is reasonably related to the authorized purpose of the employing entity:

(VII) A bank as defined in section 11-1-102 (2), C.R.S., an industrial bank as defined in section 11-22-101 (1), C.R.S., a trust company as defined in section 11-23-102 (4) (11), C.R.S., a credit union as defined in section 11-30-101 (1), C.R.S., a domestic savings and loan association as defined in section 11-40-102 (5), C.R.S., a foreign savings and loan association as defined in section 11-40-102 (8), C.R.S., or a broker-dealer as defined in section 11-51-201 (2), C.R.S.;

SECTION 8. Effective date - applicability. This act shall take effect upon passage and shall apply to activities regulated under the "Colorado Trust Company Act" occurring on or after said date.

SECTION 9. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 26, 2002