



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB0263

Introduced 2/3/2005, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

205 ILCS 620/5-15 new

Amends the Corporate Fiduciary Act. Authorizes any bank or trust company to purchase services or products from an affiliate of the bank or trust company if the purchase is otherwise prudent and not prohibited by the instrument governing the fiduciary relationship. Provides that compensation for the services or products may be in addition to any compensation to which the bank, trust company, or its affiliate is otherwise entitled as a fiduciary. Provides that the bank or trust company must disclose, in a specified manner, any purchase from an affiliate. Applies to any bank or trust company doing banking or trust business in this State, including any national bank, national trust company, or its affiliates. Effective January 1, 2006.

LRB094 08677 MKM 38888 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Corporate Fiduciary Act is amended by adding
5 Section 5-15 as follows:

6 (205 ILCS 620/5-15 new)

7 Sec. 5-15. Investments and participation by affiliates.

8 (a) Any bank or trust company acting in its fiduciary
9 capacity may purchase services or products, including, but not
10 limited to, life insurance, equity derivatives, or securities
11 underwritten or otherwise distributed by an affiliate of such
12 bank or trust company or its affiliate directly from such
13 affiliate or from a syndicate or selling group which includes
14 the bank, trust company, or its affiliate, provided that the
15 purchase is otherwise prudent and not prohibited by the
16 instrument governing the fiduciary relationship. The
17 provisions of this Section shall apply to such purchases of
18 services or products made at the time of the initial offering
19 thereof or at any time thereafter.

20 (b) The compensation for the services or products may be in
21 addition to the compensation to which the bank, trust company,
22 or its affiliate is otherwise entitled as fiduciary.

23 (c) Any bank or trust company acting in its fiduciary
24 capacity may effect such purchases of services or products with
25 or through its affiliate, provided that the fees paid to its
26 affiliate and the terms and conditions of such purchases are
27 reasonable and the transaction is not prohibited by the
28 instrument governing the fiduciary relationship.

29 (d) A bank or a trust company shall disclose at least
30 annually any purchase authorized by this Section that was made
31 by the bank or trust company during the reporting period. The
32 disclosure shall be given, in writing or electronically, to all

1 persons entitled to receive statements of account activity, and
2 shall include any capacities in which the bank or trust company
3 or an affiliate acts for the issuer of the securities or the
4 provider of the products or services and the fact that the bank
5 or trust company or an affiliate may have an interest in the
6 products or services.

7 (e) Notwithstanding the applicable provisions of Illinois
8 law, including Section 2 of the Illinois Banking Act, the
9 provisions of this Section apply to any bank or trust company
10 doing banking or trust business in this State, including,
11 without limiting the generality of the foregoing, any national
12 bank, national trust company, or any of its affiliates even if
13 its principal place of business is not in this State.

14 Section 99. Effective date. This Act takes effect January
15 1, 2006.