



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

SB1332

Introduced 2/10/2009, by Sen. Kirk W. Dillard

#### SYNOPSIS AS INTRODUCED:

205 ILCS 620/2-14 new

Amends the Corporate Fiduciary Act. Adds provisions concerning investments and participation by affiliates of any bank or trust company acting in its fiduciary capacity. Provides that any bank or trust company may purchase services or products from an affiliate, provided that the purchase is otherwise prudent and not prohibited by the instrument governing the fiduciary relationship. Provides that the compensation for the service or product may be in addition to the compensation that the bank or 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 authorized by the new provisions. Provides that the new provisions apply to any bank or trust company doing banking or trust business in this State, including any national bank or national trust company or any of its affiliates.

LRB096 09183 MJR 19333 b

1 AN ACT concerning financial 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 2-14 as follows:

6 (205 ILCS 620/2-14 new)

7 Sec. 2-14. 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 that includes  
14 the bank or 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 or trust company  
22 or its affiliate is otherwise entitled as fiduciary.

23 (c) Any bank or trust company acting in its fiduciary

1 capacity may effect such purchases of services or products with  
2 or through its affiliate, provided that the fees paid to its  
3 affiliate and the terms and conditions of such purchases are  
4 reasonable and the transaction is not prohibited by the  
5 instrument governing the fiduciary relationship.

6 (d) A bank or a trust company shall disclose at least  
7 annually any purchase authorized by this Section that was made  
8 by the bank or trust company during the reporting period. The  
9 disclosure shall be given, in writing or electronically, to all  
10 persons entitled to receive statements of account activity, and  
11 shall include any capacities in which the bank or trust company  
12 or an affiliate acts for the issuer of the securities or the  
13 provider of the products or services and the fact that the bank  
14 or trust company or an affiliate may have an interest in the  
15 products or services.

16 (e) Notwithstanding the applicable provisions of Illinois  
17 law, the provisions of this Section apply to any bank or trust  
18 company doing banking or trust business in this State,  
19 including, without limiting the generality of the foregoing,  
20 any national bank or national trust company or any of its  
21 affiliates even if its principal place of business is not in  
22 this State.