

Accompanying the third recommendation of the Office of Consumer Affairs and Business Regulation (House, No. 9). Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Nine.

AN ACT RELATIVE TO THE ESTABLISHMENT OF A LIMITED PURPOSE TRUST COMPANY SUBJECT TO THE SUPERVISION OF THE COMMISSIONER OF BANKS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of Chapter 167 of the General Laws, as
2 appearing in the 1994 Official Edition, is hereby amended by
3 inserting after the word "company" in line 4, the words "or lim-
4 ited purpose trust company".

1 SECTION 2. Section 1 of Chapter 167A of the General Laws,
2 as so appearing, is hereby amended by striking out, in line 10, the
3 word "herein" and inserting in place thereof the following
4 words:— herein; provided, however, that the term banking institu-
5 tion shall not include a limited purpose trust company chartered
6 by the commonwealth or by another state of the United States, the
7 District of Columbia, the Commonwealth of Puerto Rico, any ter-
8 ritory or possession of the United States, any agency of the United
9 States, or a country other than the United States.

1 SECTION 3. Section 1 of Chapter 167G of the General Laws,
2 as so appearing, is hereby amended, in line 3, by striking out the
3 definition of "Bank or such bank" and inserting in place thereof
4 the following definition:—
5 "Bank or such bank", a savings bank, a co-operative bank, a
6 trust company or a limited purpose trust company subject to the
7 supervision of the commissioner of banks.

1 SECTION 4. Section 1 of Chapter 172 of the General Laws, as
2 so appearing, is hereby amended by inserting after the definition
3 of "Trust Company" in line 26, the following new definition: —

4 "Limited Purpose Trust Company", a corporation incorporated
5 as such in the Commonwealth, pursuant to section 9A of this
6 chapter.

1 SECTION 5. Section 3 of chapter 172 of the General Laws, as
2 so appearing, is hereby amended by inserting after the word "com-
3 pany" in line 1, the words "or a limited purpose trust company".

1 SECTION 6. Chapter 172 of the General Laws, as so
2 appearing, is hereby amended by inserting after section 9 the
3 following section:—

4 Section 9A. After such notice, application and hearing as the
5 Commissioner may require and with his written permission and
6 under such conditions as he may impose, the Commissioner may
7 grant a certificate, if satisfied that public convenience and advan-
8 tage will be promoted and that competition among banking insti-
9 tutions will not be unreasonably affected, to establish a limited
10 purpose trust company, for the purpose of conducting trust and
11 fiduciary business authorized under Chapter 167G and other pro-
12 visions of the General Laws applicable to a state-chartered bank.
13 Said limited purpose trust company shall not receive deposits,
14 loan moneys or otherwise carry on a banking business under the
15 laws of the Commonwealth.

16 Any person seeking authority to act under the provisions of this
17 section shall file such application and notice with the commis-
18 sioner, together with a fee, the amount of which shall be deter-
19 mined by the commissioner of administration under the provisions
20 of section three B of chapter seven. Said notice shall contain, but
21 not be limited to the following:

- 22 (a) The name by which the corporation shall be known;
- 23 (b) The location of the principal office of the corporation
24 which shall be within the commonwealth;
- 25 (c) The purposes for which the corporation is formed and the
26 nature of the business to be transacted; and
- 27 (d) The amount and classes of its capital stock, and the number
28 of shares into which any class is to be divided.

29 After receipt of such certificate, articles of organization shall be
30 filed with the state secretary and such limited purpose trust com-
31 pany does not begin business within one year after the date of
32 issuance of the certificate by the commissioner.

33 Upon the transaction of business a limited purpose trust com-
34 pany shall be subject to the provisions of sections eleven to thirty,
35 inclusive, and thirty-nine to forty-seven, inclusive, and other
36 applicable sections of chapter one hundred and seventy-two.
37 A limited purpose trust company shall not be required to become a
38 member of the Federal Deposit Insurance Corporation.

