

**TC9**                    **Investment Limitations** [Section 11-109-902(5), C.R.S.]

- A. A trust company may, for its own account, purchase Type I securities in an unlimited amount, subject to the exercise of prudent judgment.
  
- B. A trust company may, for its own account, purchase Type II, III, IV, and V securities, as described in 12 CFR Part 1, subject to the following restrictions:
  - 1. Obligations of any issuer may be purchased up to a limit of 15 percent of the trust company's total capital provided that the purchase is based on adequate evidence of the maker's ability to perform,
  - 2. Obligations of issuers having a maturity date of less than five (5) years may be purchased not to exceed 10 percent of the total capital, provided that the purchase is based on adequate evidence of the maker's ability to perform. This limitation shall be separate from and in addition to the limitation contained in Paragraph (B)(1).
  - 3. The limitations prescribed in Paragraph (B)(1) and/or Paragraph (B)(2) of this Rule are reduced to 5 percent of total capital when purchase judgment is predicated on reliable estimates as described in 12 CFR Part 1.
  - 4. Every trust company shall maintain in its files credit information adequate to demonstrate that it exercised prudence in its decision to purchase and to retain any security in its investment portfolio. Failure to maintain such information could result in the determination that the security is not a permissible trust company investment.
  
- C. Reference
  - 1. 12 CFR Part 1 was issued by the Comptroller of Currency effective December 2, 1996.
  - 2. This Rule does not include amendments to or editions of the referenced material later than December 2, 1996. A copy of 12 CFR Part 1 may be examined at any State Publications Depository.
  - 3. For more detailed information pertaining to these provisions, please contact the Secretary to the Colorado State Banking Board at 1560 Broadway, Suite 1175, Denver, Colorado 80202, 303-894-7584.

Amended Effective October 31, 2005  
Amendments correct minor grammatical and technical errors.

Amended Effective March 30, 2004  
Statutory reference amendment to conform Rule to recodified statutes; update terminology to conform to recodified statutes; formatting changes to comply with Colorado Secretary of State guidelines.

Amended Effective December 30, 1997  
Amended to comply with Section 11-23-110(4), C.R.S., which permits a state chartered trust company to invest in the same types of investment that a federally chartered bank may invest in; grammatical and technical corrections.