

TC13.5 Minimum Capital for Non-Depository Trust Companies

[Section 11-109-304, C.R.S.]

A. Purpose

The Colorado State Banking Board believes that trust companies should maintain certain minimum capital levels pursuant to policies set forth in Section 11-101-102, C.R.S., and relevant federal laws and regulations. Accordingly, Banking Board Rule TC13.5-Minimum Capital for Non-Depository Trust Companies sets forth certain minimum capital requirements for non-depository trust companies.

B. Definitions: For the purpose of this Rule:

1. "Fiduciary Assets" means those assets held for benefit of, or in trust for others. The Trust Company may have investment discretion, or the investment authority may remain with the account holder or external manager.
2. Total capital means "total capital" as determined according to Banking Board Rule TC14 – Risk Based Capital Definitions and Adequacy, including the deductions described herein.

C. Initial Capital

No trust company shall be granted a charter unless it has paid-in capital of at least \$1,000,000, or such greater amount as the Banking Board may reasonably require.

D. Minimum Capital for Non-Depository Trust Companies

Non-depository trust companies must maintain total capital of not less than the greater of: (1) \$750,000, or (2) one tenth of one percent (.001) of fiduciary assets, such amount not to exceed five million (\$5,000,000).

E. Establishment of Minimum Capital for an Individual Institution

1. Applicability

The Banking Board may require higher minimum capital levels for an individual institution in view of its circumstances. For example, higher capital levels may be appropriate for:

- a. A newly chartered institution;
- b. An institution receiving special supervisory attention;
- c. An institution that has, or is expected to have, losses resulting in capital inadequacy;
- d. An institution with significant exposure due to risks from concentrations of credit, certain risks arising from nontraditional activities, or management's overall inability to monitor and control financial and operating risks presented by concentrations of credit and nontraditional activities;
- e. An institution with significant exposure to declines in the economic value of its capital due to changes in interest rates;
- f. An institution with significant exposure due to fiduciary or operational risk;
- g. An institution exposed to a high degree of asset depreciation or a low level of liquid assets in relation to short term liabilities;
- h. An institution exposed to a high volume of, or particularly severe, problem assets;
- i. An institution that is growing rapidly, either internally or through acquisition; or

Amended Effective June 30, 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 October 30, 2002

Federal regulatory agencies issued rules amending the minimum capital standards for financial institutions; therefore, amendments made to maintain parity.

Amended Effective September 30, 1999

To reduce the capital burden on large, non-depository trust companies, to recognize economies of scale and the limited risks of non-discretionary assets, but still retain a strong capital requirement and the fundamental link between trust assets and required capital.

Promulgated Effective March 30, 1998

To establish a separate Rule for determining the minimum capital ratios for non-depository trust companies.