



Senate

General Assembly

File No. 254

January Session, 2025

Substitute Senate Bill No. 1256

Senate, March 26, 2025

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE ORGANIZATION, ADMINISTRATION
AND RECEIVERSHIP OF CERTAIN FINANCIAL INSTITUTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (H) of subdivision (1) of subsection (d) of
2 section 36a-65 of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2025*):

4 (H) Organization of any Connecticut bank under section 36a-70, as
5 amended by this act, including the conditional preliminary approval for
6 an expedited bank, [fifteen] twenty thousand dollars, except no fee shall
7 be required for the organization of an interim Connecticut bank.

8 Sec. 2. Subsections (h) to (u), inclusive, of section 36a-70 of the general
9 statutes are repealed and the following is substituted in lieu thereof
10 (*Effective July 1, 2025*):

11 (h) (1) The application shall be approved if the approving authority
12 determines that: (A) The interest of the public will be served to

13 advantage by the establishment of the proposed Connecticut bank; (B)
14 the proposed bank shows reasonable promise of successful operation;
15 and (C) the proposed directors and officers possess the capacity,
16 character and experience for the duties and responsibilities with which
17 they will be charged.

18 (2) ~~(A)~~ In determining whether the public will be served to advantage
19 under subdivision (1) of this subsection, the approving authority shall
20 consider the following factors in light of the proposed business plan of
21 the proposed Connecticut bank: [(A) The] (i) Except as provided in
22 subparagraph (B) of this subdivision, the population of the area to be
23 served by the proposed Connecticut bank; [(B)] (ii) the competitive
24 effect of the proposed Connecticut bank on the availability and quality
25 of services in the market area to be served; [(C)] (iii) the likely impact of
26 the proposed Connecticut bank on other financial institutions in the
27 market area to be served; and [(D)] (iv) the convenience and needs of
28 the market area to be served.

29 (B) The provisions of subparagraph (A)(i) of this subdivision shall not
30 apply to an innovation bank organized pursuant to subsection (t) of this
31 section.

32 (3) Except as otherwise provided in subsections (p), (q), (r), (s) and (t)
33 of this section, the approving authority shall be, in the case of an
34 application to organize a bank and trust company or a capital stock
35 savings bank, a majority of the commissioner, State Treasurer, and State
36 Comptroller, and, in the case of an application to organize a mutual
37 savings bank or a mutual or capital stock savings and loan association,
38 the commissioner acting alone.

39 (i) If the application is approved by the approving authority, a
40 temporary certificate of authority, valid for eighteen months, shall be
41 issued to the organizers authorizing them to complete the organization
42 of the Connecticut bank. The organizers shall thereupon file one copy of
43 the temporary certificate of authority and one copy of the certificate of
44 incorporation with the Secretary of the State. The commissioner may,
45 upon the application of the organizers and after a hearing thereon,

46 extend, for cause, the period for which the temporary certificate of
47 authority is valid.

48 (j) If the application is not approved by the approving authority, the
49 approving authority shall, in writing, so notify the organizers. An
50 appeal from the decision approving or disapproving the application
51 may be taken in accordance with chapter 54.

52 (k) (1) Prior to the issuance of a final certificate of authority, the
53 organizers may (A) with the approval of the commissioner, amend the
54 proposed certificate of incorporation to change (i) the name or the type
55 of the Connecticut bank, (ii) the town in which the main office of the
56 Connecticut bank is to be located, (iii) in the case of a capital stock
57 Connecticut bank, the amount, authorized number and par value, if any,
58 of shares of its capital stock, or (iv) the name of an organizer or
59 prospective initial director of the Connecticut bank; (B) with the
60 approval of the approving authority, amend a material provision of the
61 proposed business plan, or amend the proposed certificate of
62 incorporation to change the minimum amount of equity capital with
63 which the Connecticut bank shall commence business, which amount
64 may be less than its authorized capital but not less than that required by
65 subsection (b) of this section; or (C) file notice with the commissioner to
66 amend the proposed certificate of incorporation to change the
67 occupation or residence, post office or business address of any organizer
68 or prospective initial director of the Connecticut bank.

69 (2) Upon receipt of an application to change the name of a
70 Connecticut bank under subparagraph (A)(i) of subdivision (1) of this
71 subsection, the commissioner shall cause notice of the filing of such
72 application to be published in the department's weekly bulletin. The
73 notice shall state that written objections to such application may be
74 made, for a period of thirty days from the date of publication of the
75 bulletin, on the grounds that the name selected will tend to confuse the
76 public. If, in the opinion of the commissioner, the name selected by the
77 organizers will not tend to confuse the public and if no objection is filed,
78 the commissioner shall approve such change of name. If, in the opinion

79 of the commissioner, the name selected will tend to confuse the public
80 or if an objection is filed, the commissioner shall order a hearing to be
81 held not less than twenty or more than thirty days from the date
82 originally set for the filing of objections to the application for change of
83 name, and notice of such hearing shall be published in the department's
84 weekly bulletin at least fourteen days prior to the hearing. At the
85 hearing, the commissioner shall hear all persons desiring to be heard
86 and shall make a ruling within fifteen days.

87 (3) The organizers shall file with the Secretary of the State any
88 approval issued pursuant to this subsection, and the approved
89 amendment shall become effective upon such filing. In the case of an
90 amendment notice pursuant to subparagraph (C) of subdivision (1) of
91 this subsection, the organizers shall file such amendment with the
92 Secretary of the State, and such amendment shall become effective upon
93 such filing.

94 (l) The approving authority shall cause to be made an examination of
95 the proposed Connecticut bank upon notice from the organizers that the
96 following conditions have occurred: (1) The proposed bank has been
97 fully organized according to law; (2) the State Treasurer has been paid
98 the franchise tax and filing fee specified in subsection (o) of this section;
99 (3) the proposed bank has raised the minimum equity capital required;
100 and (4) in the case of a proposed capital stock Connecticut bank, a
101 certified list of each subscriber who will own at least five per cent of any
102 class of voting securities of the proposed bank, showing the number of
103 shares owned by each, has been filed with the commissioner. If all
104 provisions of law have been complied with, a final certificate of
105 authority to commence the business for which the bank was organized
106 shall be issued by the approving authority. One copy of the final
107 certificate shall be filed with the Secretary of the State, one copy shall be
108 retained by the bank, and one copy shall be retained by the
109 commissioner.

110 (m) The reasonable charges and expenses of organization or
111 reorganization of a capital stock Connecticut bank, and the reasonable

112 expenses of any compensation or discount for the sale, underwriting or
113 purchase of its shares, may be paid or allowed by such bank out of the
114 par value received by it for its shares, or in the case of shares without
115 par value, out of the stated capital received by it for its shares, without
116 rendering such shares not fully paid and nonassessable.

117 (n) The Connecticut bank shall not commence business until: (1) A
118 final certificate of authority has been issued in accordance with
119 subsection (l) of this section, (2) except in the case of a trust bank, an
120 interim Connecticut bank organized pursuant to subsection (p) of this
121 section, or an innovation bank organized pursuant to subsection (t) of
122 this section, until its insurable accounts or deposits are insured by the
123 Federal Deposit Insurance Corporation or its successor agency, and (3)
124 it has complied with the requirements of subsection (u) of this section,
125 if applicable. The acceptance of subscriptions for deposits by a mutual
126 savings bank or mutual savings and loan association as may be
127 necessary to obtain insurance by the Federal Deposit Insurance
128 Corporation or its successor agency shall not be considered to be
129 commencing business. No Connecticut bank other than a trust bank
130 may exercise any of the fiduciary powers granted to Connecticut banks
131 by law until express authority therefor has been given by the
132 commissioner.

133 (o) Prior to the issuance of a final certificate of authority to commence
134 business in accordance with subsection (l) of this section, the
135 Connecticut bank shall pay to the State Treasurer a franchise tax,
136 together with a filing fee of twenty dollars for the required papers. The
137 franchise tax for a mutual savings bank and mutual savings and loan
138 association shall be thirty dollars. The franchise tax for all capital stock
139 Connecticut banks shall be one cent per share up to and including the
140 first ten thousand authorized shares, one-half cent per share for each
141 authorized share in excess of ten thousand shares up to and including
142 one hundred thousand shares, one-quarter cent per share for each
143 authorized share in excess of one hundred thousand shares up to and
144 including one million shares and one-fifth cent per share for each
145 authorized share in excess of one million shares.

146 (p) (1) One or more persons may organize an interim Connecticut
147 bank solely (A) for the acquisition of an existing bank, whether by
148 acquisition of stock, by acquisition of assets, or by merger or
149 consolidation, or (B) to facilitate any other corporate transaction
150 authorized by this title in which the commissioner has determined that
151 such transaction has adequate regulatory supervision to justify the
152 organization of an interim Connecticut bank. Such interim Connecticut
153 bank shall not accept deposits or otherwise commence business.
154 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)
155 of this section shall not apply to the organization of an interim bank,
156 provided the commissioner may, in the commissioner's discretion,
157 order a hearing under subsection (e) or require that the organizers
158 publish or mail the proposed certificate of incorporation or both. The
159 approving authority for an interim Connecticut bank shall be the
160 commissioner acting alone. If the approving authority determines that
161 the organization of the interim Connecticut bank complies with
162 applicable law, the approving authority shall issue a temporary
163 certificate of authority conditioned on the approval by the appropriate
164 supervisory agency of the corporate transaction for which the interim
165 Connecticut bank is formed.

166 (2) (A) Notwithstanding any provision of this title, for the period
167 from June 13, 2011, to September 30, 2013, inclusive, one or more
168 persons may apply to the commissioner for the conditional preliminary
169 approval of one or more expedited Connecticut banks organized
170 primarily for the purpose of assuming liabilities and purchasing assets
171 from the Federal Deposit Insurance Corporation when the Federal
172 Deposit Insurance Corporation is acting as receiver or conservator of an
173 insured depository institution. The application shall be made on a form
174 acceptable to the commissioner and shall be executed and
175 acknowledged by the applicant or applicants. Such application shall
176 contain sufficient information for the commissioner to evaluate (i) the
177 amount, type and sources of capital that would be available to the bank
178 or banks; (ii) the ownership structure and holding companies, if any,
179 over the bank or banks; (iii) the identity, biographical information and
180 banking experience of each of the initial organizers and prospective

181 initial directors, senior executive officers and any individual, group or
182 proposed shareholders of the bank that will own or control ten per cent
183 or more of the stock of the bank or banks; (iv) the overall strategic plan
184 of the organizers and investors for the bank or banks; and (v) a
185 preliminary business plan outlining intended product and business
186 lines, retail branching plans and capital, earnings and liquidity
187 projections. The commissioner, acting alone, shall grant conditional
188 preliminary approval of such application to organize if the
189 commissioner determines that the organizers have available sufficient
190 committed funds to invest in the bank or banks; the organizers and
191 proposed directors possess capacity and fitness for the duties and
192 responsibilities with which they will be charged; the proposed bank or
193 banks have a reasonable chance of success and will be operated in a safe
194 and sound manner; and the fee for investigating and processing the
195 application has been paid in accordance with subparagraph (H) of
196 subdivision (1) of subsection (d) of section 36a-65, as amended by this
197 act. Such preliminary approval shall be subject to such conditions as the
198 commissioner deems appropriate, including the requirements that the
199 bank or banks not commence the business of a Connecticut bank until
200 after their bid or application for a particular insured depository
201 institution is accepted by the Federal Deposit Insurance Corporation,
202 that the background checks are satisfactory, and that the organizers
203 submit, for the safety and soundness review by the commissioner, more
204 detailed operating plans and current financial statements as potential
205 acquisition transactions are considered, and such plans and statements
206 are satisfactory to the commissioner. The commissioner may alter,
207 suspend or revoke the conditional preliminary approval if the
208 commissioner deems any interim development warrants such action.
209 The conditional preliminary approval shall expire eighteen months
210 from the date of approval, unless extended by the commissioner.

211 (B) The commissioner shall not issue a final certificate of authority to
212 commence the business of a Connecticut bank or banks under this
213 subdivision until all conditions and preopening requirements and
214 applicable state and federal regulatory requirements have been met and
215 the fee for issuance of a final certificate of authority for an expedited

216 Connecticut bank has been paid in accordance with subparagraph (M)
217 of subdivision (1) of subsection (d) of section 36a-65. The commissioner
218 may waive any requirement under this title or regulations adopted
219 under this title that is necessary for the consummation of an acquisition
220 involving an expedited Connecticut bank if the commissioner finds that
221 such waiver is advisable and in the interest of depositors or the public,
222 provided the commissioner shall not waive the requirement that the
223 institution's insurable accounts or deposits be federally insured. Any
224 such waiver granted by the commissioner under this subparagraph
225 shall be in writing and shall set forth the reason or reasons for the
226 waiver. The commissioner may impose conditions on the final certificate
227 of authority as the commissioner deems necessary to ensure that the
228 bank will be operated in a safe and sound manner. The commissioner
229 shall cause notice of the issuance of the final certificate of authority to be
230 published in the department's weekly bulletin.

231 (q) (1) As used in this subsection, "bankers' bank" means a
232 Connecticut bank that is (A) owned exclusively by (i) any combination
233 of banks, out-of-state banks, Connecticut credit unions, federal credit
234 unions, or out-of-state credit unions, or (ii) a bank holding company that
235 is owned exclusively by any such combination, and (B) engaged
236 exclusively in providing services for, or that indirectly benefit, other
237 banks, out-of-state banks, Connecticut credit unions, federal credit
238 unions, or out-of-state credit unions and their directors, officers and
239 employees.

240 (2) One or more persons may organize a bankers' bank in accordance
241 with the provisions of this section, except that subsections (g) and (h) of
242 this section shall not apply. The approving authority for a bankers' bank
243 shall be the commissioner acting alone. Before granting a temporary
244 certificate of authority in the case of an application to organize a
245 bankers' bank, the approving authority shall consider (A) whether the
246 proposed bankers' bank will facilitate the provision of services that such
247 banks, out-of-state banks, Connecticut credit unions, federal credit
248 unions, or out-of-state credit unions would not otherwise be able to
249 readily obtain, and (B) the character and experience of the proposed

250 directors and officers. The application to organize a bankers' bank shall
251 be approved if the approving authority determines that the interest of
252 the public will be directly or indirectly served to advantage by the
253 establishment of the proposed bankers' bank, and the proposed
254 directors possess capacity and fitness for the duties and responsibilities
255 with which they will be charged.

256 (3) A bankers' bank shall have all of the powers of and be subject to
257 all of the requirements applicable to a Connecticut bank under this title
258 which are not inconsistent with this subsection, except to the extent the
259 commissioner limits such powers by regulation. Upon the written
260 request of a bankers' bank, the commissioner may waive specific
261 requirements of this title and the regulations adopted thereunder if the
262 commissioner finds that (A) the requirement pertains primarily to banks
263 that provide retail or consumer banking services and is inconsistent
264 with this subsection, and (B) the requirement may impede the ability of
265 the bankers' bank to compete or to provide desired services to its market
266 provided, any such waiver and the commissioner's findings shall be in
267 writing and shall be made available for public inspection.

268 (4) The commissioner may adopt regulations, in accordance with
269 chapter 54, to administer the provisions of this subsection.

270 (r) (1) As used in this subsection and section 36a-139, "community
271 bank" means a Connecticut bank that is organized pursuant to this
272 subsection and is subject to the provisions of this subsection and section
273 36a-139.

274 (2) One or more persons may organize a community bank in
275 accordance with the provisions of this section, except that subsection (g)
276 of this section shall not apply. Any such community bank shall
277 commence business with a minimum equity capital of at least three
278 million dollars. The approving authority for a community bank shall be
279 the commissioner acting alone. In addition to the considerations and
280 determinations required by subsection (h) of this section, before
281 granting a temporary certificate of authority to organize a community
282 bank, the approving authority shall determine that (A) each of the

283 proposed directors and proposed executive officers, as defined in
284 subparagraph (D) of subdivision (3) of this subsection, possesses
285 capacity and fitness for the duties and responsibilities with which such
286 director or officer will be charged, and (B) there is satisfactory
287 community support for the proposed community bank based on
288 evidence of such support provided by the organizers to the approving
289 authority. If the approving authority cannot make such determination
290 with respect to any such proposed director or proposed executive
291 officer, the approving authority may refuse to allow such proposed
292 director or proposed executive officer to serve in such capacity in the
293 proposed community bank.

294 (3) A community bank shall have all of the powers of and be subject
295 to all of the requirements and limitations applicable to a Connecticut
296 bank under this title which are not inconsistent with this subsection,
297 except: (A) No community bank may (i) exercise any of the fiduciary
298 powers granted to Connecticut banks by law until express authority
299 therefor has been given by the approving authority, (ii) establish and
300 maintain one or more mutual funds, (iii) invest in derivative securities
301 other than mortgage-backed securities fully guaranteed by
302 governmental agencies or government sponsored agencies, (iv) own
303 any real estate for the present or future use of the bank unless the
304 approving authority finds, based on an independently prepared
305 analysis of costs and benefits, that it would be less costly to the bank to
306 own instead of lease such real estate, or (v) make mortgage loans
307 secured by nonresidential real estate the aggregate amount of which, at
308 the time of origination, exceeds ten per cent of all assets of such bank;
309 (B) the aggregate amount of all loans made by a community bank shall
310 not exceed eighty per cent of the total deposits held by such bank; (C) (i)
311 the total direct or indirect liabilities of any one obligor, whether or not
312 fully secured and however incurred, to any community bank, exclusive
313 of such bank's investment in the investment securities of such obligor,
314 shall not exceed at the time incurred ten per cent of the equity capital
315 and reserves for loan and lease losses of such bank, and (ii) the
316 limitations set forth in subsection (a) of section 36a-262 shall apply to
317 this subparagraph; and (D) the limitations set forth in subsection (a) of

318 section 36a-263 shall apply to all community banks, provided, a
319 community bank may (i) make a mortgage loan to any director or
320 executive officer secured by premises occupied or to be occupied by
321 such director or officer as a primary residence, (ii) make an educational
322 loan to any director or executive officer for the education of any child of
323 such director or executive officer, and (iii) extend credit to any director
324 or executive officer in an amount not exceeding ten thousand dollars for
325 extensions of credit not otherwise specifically authorized in this
326 subparagraph. The aggregate amount of all loans or extensions of credit
327 made by a community bank pursuant to this subparagraph shall not
328 exceed thirty-three and one-third per cent of the equity capital and
329 reserves for loan and lease losses of such bank. As used in this
330 subparagraph, "executive officer" means every officer of a community
331 bank who participates or has authority to participate, other than in the
332 capacity of a director, in major policy-making functions of the bank,
333 regardless of whether such officer has an official title or whether such
334 officer serves without salary or other compensation. The vice president,
335 chief financial officer, secretary and treasurer of a community bank are
336 presumed to be executive officers unless, by resolution of the governing
337 board or by the bank's bylaws, any such officer is excluded from
338 participation in major policy-making functions, other than in the
339 capacity of a director of the bank, and such officer does not actually
340 participate in major policy-making functions.

341 (4) The audit and examination requirements set forth in section 36a-
342 86 shall apply to each community bank.

343 (5) The commissioner may adopt regulations, in accordance with
344 chapter 54, to administer the provisions of this subsection and section
345 36a-139.

346 (s) (1) As used in this subsection, "community development bank"
347 means a Connecticut bank that is organized to serve the banking needs
348 of a well-defined neighborhood, community or other geographic area as
349 determined by the commissioner, primarily, but not exclusively, by
350 making commercial loans in amounts of one hundred fifty thousand

351 dollars or less to existing businesses or to persons seeking to establish
352 businesses located within such neighborhood, community or
353 geographic area.

354 (2) One or more persons may organize a community development
355 bank in accordance with the provisions of this section, except that
356 subsection (g) of this section shall not apply. The approving authority
357 for a community development bank shall be the commissioner acting
358 alone. Any such community development bank shall commence
359 business with a minimum equity capital determined by the
360 commissioner to be appropriate for the proposed activities of such bank,
361 provided, if such proposed activities include accepting deposits, such
362 minimum equity capital shall be sufficient to enable such deposits to be
363 insured by the Federal Deposit Insurance Corporation or its successor
364 agency.

365 (3) The state, acting through the State Treasurer, may be the sole
366 organizer of a community development bank or may participate with
367 any other person or persons in the organization of any community
368 development bank, and may own all or a part of any capital stock of
369 such bank. No application fee shall be required under subparagraph (H)
370 of subdivision (1) of subsection (d) of section 36a-65, as amended by this
371 act, and no franchise tax shall be required under subsection (o) of this
372 section for any community development bank organized by or in
373 participation with the state.

374 (4) In addition to the considerations and determinations required by
375 subsection (h) of this section, before granting a temporary certificate of
376 authority to organize a community development bank, the approving
377 authority shall determine that (A) each of the proposed directors and
378 proposed executive officers possesses capacity and fitness for the duties
379 and responsibilities with which such director or officer will be charged,
380 and (B) there is satisfactory community support for the proposed
381 community development bank based on evidence of such support
382 provided by the organizers to the approving authority. If the approving
383 authority cannot make such determination with respect to any such

384 proposed director or proposed executive officer, the approving
385 authority may refuse to allow such proposed director or proposed
386 executive officer to serve in such capacity in the proposed community
387 development bank. As used in this subdivision, "executive officer"
388 means every officer of a community development bank who
389 participates or has authority to participate, other than in the capacity of
390 a director, in major policy-making functions of the bank, regardless of
391 whether such officer has an official title or whether such officer serves
392 without salary or other compensation. The vice president, chief financial
393 officer, secretary and treasurer of a community development bank are
394 presumed to be executive officers unless, by resolution of the governing
395 board or by the bank's bylaws, any such officer is excluded from
396 participation in major policy-making functions, other than in the
397 capacity of a director of the bank, and such officer does not actually
398 participate in major policy-making functions.

399 (5) Notwithstanding any contrary provision of this title: (A) The
400 commissioner may limit the powers that may be exercised by a
401 community development bank or impose conditions on the exercise by
402 such bank of any power allowed by this title as the commissioner deems
403 necessary in the interest of the public and for the safety and soundness
404 of the community development bank, provided, any such limitations or
405 conditions, or both, shall be set forth in the final certificate of authority
406 issued in accordance with subsection (l) of this section; and (B) the
407 commissioner may waive in writing any requirement imposed on a
408 community development bank under this title or any regulation
409 adopted under this title if the commissioner finds that such requirement
410 is inconsistent with the powers that may be exercised by such
411 community development bank under its final certificate of authority.

412 (6) The commissioner may adopt regulations, in accordance with
413 chapter 54, to carry out the provisions of this subsection.

414 (t) (1) One or more persons may organize an innovation bank in
415 accordance with the provisions of this section, except that subsection (g)
416 of this section shall not apply. The approving authority for an

417 innovation bank shall be the commissioner acting alone. Any such
418 innovation bank shall commence business with a minimum equity
419 capital of at least five million dollars unless the commissioner
420 establishes a different minimum capital requirement for such
421 innovation bank based upon its proposed activities.

422 (2) An innovation bank shall have all of the powers of and be subject
423 to all of the requirements and limitations applicable to a Connecticut
424 bank under this title which are not inconsistent with this subsection,
425 except no innovation bank may accept retail deposits and,
426 notwithstanding any provision of this title, sections 36a-30 to 36a-34,
427 inclusive, do not apply to innovation banks.

428 (3) (A) An innovation bank shall display conspicuously, at each
429 window or other place where deposits are usually accepted, a sign
430 stating that deposits are not insured by the Federal Deposit Insurance
431 Corporation or its successor agency.

432 (B) An innovation bank shall either (i) include in boldface
433 conspicuous type on each signature card, passbook, and instrument
434 evidencing a deposit the following statement: "This deposit is not
435 insured by the FDIC", or (ii) require each depositor to execute a
436 statement that acknowledges that the initial deposit and all future
437 deposits at the innovation bank are not insured by the Federal Deposit
438 Insurance Corporation or its successor agency. The innovation bank
439 shall retain such acknowledgment as long as the depositor maintains
440 any deposit with the innovation bank.

441 (C) An innovation bank shall include on all of its deposit-related
442 advertising a conspicuous statement that deposits are not insured by the
443 Federal Deposit Insurance Corporation or its successor agency.

444 (4) Notwithstanding any provision of this title, an innovation bank
445 may accept and hold nonretail deposits, including, but not limited to,
446 nonretail deposits received from a corporation that owns the majority of
447 the shares of the innovation bank. An innovation bank may secure
448 deposit insurance for such nonretail deposits, including from the

449 Federal Deposit Insurance Corporation.

450 (u) (1) Each trust bank and innovation bank shall keep assets on
451 deposit in the amount of at least one million five hundred thousand
452 dollars with such banks as the commissioner may approve. [provided
453 a trust bank or innovation bank that received its final certificate of
454 authority prior to May 12, 2004, shall keep assets on deposit as follows:
455 At least two hundred fifty thousand dollars no later than one year from
456 May 12, 2004, at least five hundred thousand dollars no later than two
457 years from said date, at least seven hundred fifty thousand dollars no
458 later than three years from said date and at least one million dollars no
459 later than four years from said date.] No trust bank or innovation bank
460 shall make a deposit pursuant to this section until the bank at which the
461 assets are to be deposited and the trust bank or innovation bank shall
462 have executed a deposit agreement satisfactory to the commissioner.
463 The value of such assets shall be based upon the principal amount or
464 market value, whichever is lower. If the commissioner determines that
465 an asset that otherwise qualifies under this section shall be valued at less
466 than the amount otherwise provided in this subdivision, the
467 commissioner shall so notify the trust bank or innovation bank, which
468 shall thereafter value such asset as directed by the commissioner.

469 (2) As used in this subsection, "assets" means: (A) United States dollar
470 deposits payable in the United States, other than certificates of deposit;
471 (B) bonds, notes, debentures or other obligations of the United States or
472 any agency or instrumentality thereof, or guaranteed by the United
473 States, or of this state or of a county, city, town, village, school district,
474 or instrumentality of this state or guaranteed by this state; (C) bonds,
475 notes, debentures or other obligations issued by the Federal Home Loan
476 Mortgage Corporation and the Federal National Mortgage Corporation;
477 (D) commercial paper payable in dollars in the United States, provided
478 such paper is rated in one of the three highest rating categories by a
479 rating service recognized by the commissioner. In the event that an issue
480 of commercial paper is rated by more than one recognized rating
481 service, it shall be rated in one of the three highest rating categories by
482 each such rating service; (E) negotiable certificates of deposit that are

483 payable in the United States; (F) reserves held at a federal reserve bank;
484 and (G) such other assets as determined by the commissioner upon
485 written application.

486 Sec. 3. Subsection (b) of section 36a-81 of the general statutes is
487 repealed and the following is substituted in lieu thereof (*Effective July 1,*
488 *2025*):

489 (b) (1) The commissioner, before granting an approval under
490 subsection (a) of this section, shall consider: [(1)] (A) The population of
491 the area to be served by the proposed relocation of the main office of the
492 Connecticut bank; [(2)] (B) the adequacy of existing banking facilities;
493 [(3)] (C) the economic need for such proposed relocation; and [(4)] (D)
494 except as provided in subdivision (2) of this subsection, the convenience
495 and necessity to the public of the proposed relocation.

496 (2) The provisions of subparagraph (D) of subdivision (1) of this
497 subsection shall not apply to an innovation bank organized pursuant to
498 subsection (t) of section 36a-70, as amended by this act.

499 Sec. 4. Subsection (c) of section 36a-82 of the general statutes is
500 repealed and the following is substituted in lieu thereof (*Effective July 1,*
501 *2025*):

502 (c) Upon receiving such application, the commissioner shall cause
503 notice of its submission to be published in the department's weekly
504 bulletin. The notice shall state that written objections to such application
505 may be made, for a period of [thirty] fifteen days from the date of
506 publication of the bulletin, on the grounds that the name selected will
507 tend to confuse the public. At least ten days prior to the date by which
508 objections may be made, the applicant shall send a copy of the
509 application and a notice of the date by a means that provides a signature
510 as proof of delivery, including, but not limited to, registered or certified
511 mail, return receipt requested, to each bank or out-of-state bank having
512 its main office or a branch in the town or towns in which the applicant
513 has its main office or a branch.

514 Sec. 5. Subsection (b) of section 36a-223 of the general statutes is
 515 repealed and the following is substituted in lieu thereof (*Effective July 1,*
 516 *2025*):

517 (b) [The] (1) Except as provided in subdivision (2) of this subsection,
 518 the duty of the receiver shall be to place the Connecticut bank or
 519 Connecticut credit union in liquidation and proceed to realize upon the
 520 assets of such bank or credit union, having due regard for the conditions
 521 of credit in the locality of such bank or credit union.

522 (2) For an innovation bank organized pursuant to subsection (t) of
 523 section 36a-70, as amended by this act, the duty of the receiver shall be
 524 to place the innovation bank in liquidation and proceed to realize upon
 525 the assets of such innovation bank, having due regard for the conditions
 526 of credit of such innovation bank.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2025</i>	36a-65(d)(1)(H)
Sec. 2	<i>July 1, 2025</i>	36a-70(h) to (u)
Sec. 3	<i>July 1, 2025</i>	36a-81(b)
Sec. 4	<i>July 1, 2025</i>	36a-82(c)
Sec. 5	<i>July 1, 2025</i>	36a-223(b)

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Banking Dept.	BF - Potential Revenue Gain	15,000 - 25,000	15,000 - 25,000

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill, which increases the application fee to organize a Connecticut bank from \$15,000 to \$20,000, results in a potential revenue gain to the Banking Fund of \$15,000 to \$25,000 in FY 26 and FY 27. The number of such applications that the Department of Banking receives varies from year to year, but on average, they are expected to receive about three to five per year.

The bill makes several other changes to the banking statutes that are not anticipated to have a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1256*****AN ACT CONCERNING THE ORGANIZATION, ADMINISTRATION
AND RECEIVERSHIP OF CERTAIN FINANCIAL INSTITUTIONS.*****SUMMARY**

This bill makes several changes that affect the applications and operations of different types of banks. Specifically, it:

1. increases from \$15,000 to \$20,000 the application fee to organize a Connecticut bank (by law, this fee explicitly applies to the conditional preliminary approval for an expedited bank, but an organization of an interim Connecticut bank is exempt) (§ 1);
2. increases from \$1 million to \$1.5 million the amount of deposit assets that trust banks and innovation banks must keep (§ 2);
3. exempts innovation banks from one of several existing (a) factors for assessing whether an application to organize a Connecticut bank serves the public interest (i.e. the population of the area to be served) and (b) considerations for approving a Connecticut bank's main office relocation (i.e. the public's convenience and need for the proposed relocation) (§§ 2 & 3);
4. decreases from 30 to 15 days the period allotted for submitting written objections to a proposed name change of a capital stock Connecticut bank, mutual savings bank, or mutual savings and loan association after its application to do so has been published (§ 4); and
5. requires receivers, when liquidating an innovation bank, to consider the innovation bank's credit conditions instead of the credit conditions in the locality of the innovation bank (§ 5).

The bill also makes conforming and technical changes, including removing obsolete language.

EFFECTIVE DATE: July 1, 2025

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/11/2025)