**Section 396.220 Terms and Conditions for Approval**

A trust company must demonstrate the following in order for the Commissioner to approve its application to establish a branch office:

a) That the trust company's aggregate direct and indirect fixed asset investment, including lease obligations, will be reasonable in relation to its projected earnings, capital, surplus and reserves, and liquidity (i.e., generally not greater than 50%).

b) That the expense of establishing and operating the branch office will not have an undue effect on the trust company's earnings (i.e., the establishment will not result in negative net earnings and will not bring capital below that required for safe and sound operation).

c) That the management of the trust company and the branch has demonstrated or will demonstrate the ability to operate the trust company branch office in a safe and sound manner (i.e., proposed management has the appropriate level of experience commensurate with the accounts to be administered, the prior conduct of management was conducted in a safe and sound manner and appropriate internal controls are in place to adequately supervise management actions).

d) That the trust company has developed procedures for operations, controls and audits at the branch office, including but not limited to facilities for safekeeping and recordkeeping.

e) That the types of activities proposed to be performed at the branch office are consistent with and within the scope of the activities performed by the trust company and authorized by the trust company's certificate of authority.

(Source: Added at 20 Ill. Reg. 10825, effective August 1, 1996)