



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB3968

Introduced 3/4/2021, by Rep. Margaret Croke - Michael J. Zalewski, Mark Batinick, Jonathan Carroll, Kelly M. Cassidy, et al.

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Corporate Fiduciary Act to create the Special Purpose Trust Company Authority and Organization Article. Provides that a corporation that has been or shall be incorporated under the general corporation laws of the State for the special purpose of providing fiduciary custodial services or providing other like or related services as specified by rule may be appointed to act as a fiduciary with respect to such services and shall be designated a special purpose trust company. Provides that it shall not be lawful for any person to engage in the activity of a special purpose trust company without first filing an application for and procuring a certificate of authority from the Secretary of Financial and Professional Regulation. Provides that the Department shall adopt rules for the administration of the Article, and that specified Articles of the Corporate Fiduciary Act shall apply to a special purpose trust company as if the special purpose trust company were a trust company. Amends the Illinois Banking Act. In provisions concerning conversion and merger with trust companies, provides that a special purpose trust company may merge with a State bank or convert to a State bank as if the special purpose trust company were a trust company. Defines "special purpose trust company". Amends the Blockchain Business Development Act to provide that the Department of Financial and Professional Regulation shall have authority to adopt rules, opinions, or interpretive letters regarding the custody of digital assets, including digital consumer assets, digital securities, and virtual currency.

LRB102 13385 BMS 18729 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Banking Act is amended by changing  
5 Sections 2 and 30 as follows:

6 (205 ILCS 5/2) (from Ch. 17, par. 302)

7 Sec. 2. General definitions. In this Act, unless the  
8 context otherwise requires, the following words and phrases  
9 shall have the following meanings:

10 "Accommodation party" shall have the meaning ascribed to  
11 that term in Section 3-419 of the Uniform Commercial Code.

12 "Action" in the sense of a judicial proceeding includes  
13 recoupments, counterclaims, set-off, and any other proceeding  
14 in which rights are determined.

15 "Affiliate facility" of a bank means a main banking  
16 premises or branch of another commonly owned bank. The main  
17 banking premises or any branch of a bank may be an "affiliate  
18 facility" with respect to one or more other commonly owned  
19 banks.

20 "Appropriate federal banking agency" means the Federal  
21 Deposit Insurance Corporation, the Federal Reserve Bank of  
22 Chicago, or the Federal Reserve Bank of St. Louis, as  
23 determined by federal law.

1 "Bank" means any person doing a banking business whether  
2 subject to the laws of this or any other jurisdiction.

3 A "banking house", "branch", "branch bank" or "branch  
4 office" shall mean any place of business of a bank at which  
5 deposits are received, checks paid, or loans made, but shall  
6 not include any place at which only records thereof are made,  
7 posted, or kept. A place of business at which deposits are  
8 received, checks paid, or loans made shall not be deemed to be  
9 a branch, branch bank, or branch office if the place of  
10 business is adjacent to and connected with the main banking  
11 premises, or if it is separated from the main banking premises  
12 by not more than an alley; provided always that (i) if the  
13 place of business is separated by an alley from the main  
14 banking premises there is a connection between the two by  
15 public or private way or by subterranean or overhead passage,  
16 and (ii) if the place of business is in a building not wholly  
17 occupied by the bank, the place of business shall not be within  
18 any office or room in which any other business or service of  
19 any kind or nature other than the business of the bank is  
20 conducted or carried on. A place of business at which deposits  
21 are received, checks paid, or loans made shall not be deemed to  
22 be a branch, branch bank, or branch office (i) of any bank if  
23 the place is a terminal established and maintained in  
24 accordance with paragraph (17) of Section 5 of this Act, or  
25 (ii) of a commonly owned bank by virtue of transactions  
26 conducted at that place on behalf of the other commonly owned

1 bank under paragraph (23) of Section 5 of this Act if the place  
2 is an affiliate facility with respect to the other bank.

3 "Branch of an out-of-state bank" means a branch  
4 established or maintained in Illinois by an out-of-state bank  
5 as a result of a merger between an Illinois bank and the  
6 out-of-state bank that occurs on or after May 31, 1997, or any  
7 branch established by the out-of-state bank following the  
8 merger.

9 "Bylaws" means the bylaws of a bank that are adopted by the  
10 bank's board of directors or shareholders for the regulation  
11 and management of the bank's affairs. If the bank operates as a  
12 limited liability company, however, "bylaws" means the  
13 operating agreement of the bank.

14 "Call report fee" means the fee to be paid to the  
15 Commissioner by each State bank pursuant to paragraph (a) of  
16 subsection (3) of Section 48 of this Act.

17 "Capital" includes the aggregate of outstanding capital  
18 stock and preferred stock.

19 "Cash flow reserve account" means the account within the  
20 books and records of the Commissioner of Banks and Real Estate  
21 used to record funds designated to maintain a reasonable Bank  
22 and Trust Company Fund operating balance to meet agency  
23 obligations on a timely basis.

24 "Charter" includes the original charter and all amendments  
25 thereto and articles of merger or consolidation.

26 "Commissioner" means the Commissioner of Banks and Real

1 Estate, except that beginning on April 6, 2009 (the effective  
2 date of Public Act 95-1047), all references in this Act to the  
3 Commissioner of Banks and Real Estate are deemed, in  
4 appropriate contexts, to be references to the Secretary of  
5 Financial and Professional Regulation.

6 "Commonly owned banks" means 2 or more banks that each  
7 qualify as a bank subsidiary of the same bank holding company  
8 pursuant to Section 18 of the Federal Deposit Insurance Act;  
9 "commonly owned bank" refers to one of a group of commonly  
10 owned banks but only with respect to one or more of the other  
11 banks in the same group.

12 "Community" means a city, village, or incorporated town  
13 and also includes the area served by the banking offices of a  
14 bank, but need not be limited or expanded to conform to the  
15 geographic boundaries of units of local government.

16 "Company" means a corporation, limited liability company,  
17 partnership, business trust, association, or similar  
18 organization and, unless specifically excluded, includes a  
19 "State bank" and a "bank".

20 "Consolidating bank" means a party to a consolidation.

21 "Consolidation" takes place when 2 or more banks, or a  
22 trust company and a bank, are extinguished and by the same  
23 process a new bank is created, taking over the assets and  
24 assuming the liabilities of the banks or trust company passing  
25 out of existence.

26 "Continuing bank" means a merging bank, the charter of

1 which becomes the charter of the resulting bank.

2 "Converting bank" means a State bank converting to become  
3 a national bank, or a national bank converting to become a  
4 State bank.

5 "Converting trust company" means a trust company  
6 converting to become a State bank.

7 "Court" means a court of competent jurisdiction.

8 "Director" means a member of the board of directors of a  
9 bank. In the case of a manager-managed limited liability  
10 company, however, "director" means a manager of the bank and,  
11 in the case of a member-managed limited liability company,  
12 "director" means a member of the bank. The term "director"  
13 does not include an advisory director, honorary director,  
14 director emeritus, or similar person, unless the person is  
15 otherwise performing functions similar to those of a member of  
16 the board of directors.

17 "Director of Banking" means the Director of the Division  
18 of Banking of the Department of Financial and Professional  
19 Regulation.

20 "Eligible depository institution" means an insured savings  
21 association that is in default, an insured savings association  
22 that is in danger of default, a State or national bank that is  
23 in default or a State or national bank that is in danger of  
24 default, as those terms are defined in this Section, or a new  
25 bank as that term defined in Section 11(m) of the Federal  
26 Deposit Insurance Act or a bridge bank as that term is defined

1 in Section 11(n) of the Federal Deposit Insurance Act or a new  
2 federal savings association authorized under Section  
3 11(d)(2)(f) of the Federal Deposit Insurance Act.

4 "Fiduciary" means trustee, agent, executor, administrator,  
5 committee, guardian for a minor or for a person under legal  
6 disability, receiver, trustee in bankruptcy, assignee for  
7 creditors, or any holder of similar position of trust.

8 "Financial institution" means a bank, savings bank,  
9 savings and loan association, credit union, or any licensee  
10 under the Consumer Installment Loan Act or the Sales Finance  
11 Agency Act and, for purposes of Section 48.3, any proprietary  
12 network, funds transfer corporation, or other entity providing  
13 electronic funds transfer services, or any corporate  
14 fiduciary, its subsidiaries, affiliates, parent company, or  
15 contractual service provider that is examined by the  
16 Commissioner. For purposes of Section 5c and subsection (b) of  
17 Section 13 of this Act, "financial institution" includes any  
18 proprietary network, funds transfer corporation, or other  
19 entity providing electronic funds transfer services, and any  
20 corporate fiduciary.

21 "Foundation" means the Illinois Bank Examiners' Education  
22 Foundation.

23 "General obligation" means a bond, note, debenture,  
24 security, or other instrument evidencing an obligation of the  
25 government entity that is the issuer that is supported by the  
26 full available resources of the issuer, the principal and

1 interest of which is payable in whole or in part by taxation.

2 "Guarantee" means an undertaking or promise to answer for  
3 payment of another's debt or performance of another's duty,  
4 liability, or obligation whether "payment guaranteed" or  
5 "collection guaranteed".

6 "In danger of default" means a State or national bank, a  
7 federally chartered insured savings association or an Illinois  
8 state chartered insured savings association with respect to  
9 which the Commissioner or the appropriate federal banking  
10 agency has advised the Federal Deposit Insurance Corporation  
11 that:

12 (1) in the opinion of the Commissioner or the  
13 appropriate federal banking agency,

14 (A) the State or national bank or insured savings  
15 association is not likely to be able to meet the  
16 demands of the State or national bank's or savings  
17 association's obligations in the normal course of  
18 business; and

19 (B) there is no reasonable prospect that the State  
20 or national bank or insured savings association will  
21 be able to meet those demands or pay those obligations  
22 without federal assistance; or

23 (2) in the opinion of the Commissioner or the  
24 appropriate federal banking agency,

25 (A) the State or national bank or insured savings  
26 association has incurred or is likely to incur losses



1           that will deplete all or substantially all of its  
2           capital; and

3                   (B) there is no reasonable prospect that the  
4           capital of the State or national bank or insured  
5           savings association will be replenished without  
6           federal assistance.

7           "In default" means, with respect to a State or national  
8           bank or an insured savings association, any adjudication or  
9           other official determination by any court of competent  
10          jurisdiction, the Commissioner, the appropriate federal  
11          banking agency, or other public authority pursuant to which a  
12          conservator, receiver, or other legal custodian is appointed  
13          for a State or national bank or an insured savings  
14          association.

15          "Insured savings association" means any federal savings  
16          association chartered under Section 5 of the federal Home  
17          Owners' Loan Act and any State savings association chartered  
18          under the Illinois Savings and Loan Act of 1985 or a  
19          predecessor Illinois statute, the deposits of which are  
20          insured by the Federal Deposit Insurance Corporation. The term  
21          also includes a savings bank organized or operating under the  
22          Savings Bank Act.

23          "Insured savings association in recovery" means an insured  
24          savings association that is not an eligible depository  
25          institution and that does not meet the minimum capital  
26          requirements applicable with respect to the insured savings

1 association.

2 "Issuer" means for purposes of Section 33 every person who  
3 shall have issued or proposed to issue any security; except  
4 that (1) with respect to certificates of deposit, voting trust  
5 certificates, collateral-trust certificates, and certificates  
6 of interest or shares in an unincorporated investment trust  
7 not having a board of directors (or persons performing similar  
8 functions), "issuer" means the person or persons performing  
9 the acts and assuming the duties of depositor or manager  
10 pursuant to the provisions of the trust, agreement, or  
11 instrument under which the securities are issued; (2) with  
12 respect to trusts other than those specified in clause (1)  
13 above, where the trustee is a corporation authorized to accept  
14 and execute trusts, "issuer" means the entrusters, depositors,  
15 or creators of the trust and any manager or committee charged  
16 with the general direction of the affairs of the trust  
17 pursuant to the provisions of the agreement or instrument  
18 creating the trust; and (3) with respect to equipment trust  
19 certificates or like securities, "issuer" means the person to  
20 whom the equipment or property is or is to be leased or  
21 conditionally sold.

22 "Letter of credit" and "customer" shall have the meanings  
23 ascribed to those terms in Section 5-102 of the Uniform  
24 Commercial Code.

25 "Main banking premises" means the location that is  
26 designated in a bank's charter as its main office.

1 "Maker or obligor" means for purposes of Section 33 the  
2 issuer of a security, the promisor in a debenture or other debt  
3 security, or the mortgagor or grantor of a trust deed or  
4 similar conveyance of a security interest in real or personal  
5 property.

6 "Merged bank" means a merging bank that is not the  
7 continuing, resulting, or surviving bank in a consolidation or  
8 merger.

9 "Merger" includes consolidation.

10 "Merging bank" means a party to a bank merger.

11 "Merging trust company" means a trust company party to a  
12 merger with a State bank.

13 "Mid-tier bank holding company" means a corporation that  
14 (a) owns 100% of the issued and outstanding shares of each  
15 class of stock of a State bank, (b) has no other subsidiaries,  
16 and (c) 100% of the issued and outstanding shares of the  
17 corporation are owned by a parent bank holding company.

18 "Municipality" means any municipality, political  
19 subdivision, school district, taxing district, or agency.

20 "National bank" means a national banking association  
21 located in this State and after May 31, 1997, means a national  
22 banking association without regard to its location.

23 "Out-of-state bank" means a bank chartered under the laws  
24 of a state other than Illinois, a territory of the United  
25 States, or the District of Columbia.

26 "Parent bank holding company" means a corporation that is

1 a bank holding company as that term is defined in the Illinois  
2 Bank Holding Company Act of 1957 and owns 100% of the issued  
3 and outstanding shares of a mid-tier bank holding company.

4 "Person" means an individual, corporation, limited  
5 liability company, partnership, joint venture, trust, estate,  
6 or unincorporated association.

7 "Public agency" means the State of Illinois, the various  
8 counties, townships, cities, towns, villages, school  
9 districts, educational service regions, special road  
10 districts, public water supply districts, fire protection  
11 districts, drainage districts, levee districts, sewer  
12 districts, housing authorities, the Illinois Bank Examiners'  
13 Education Foundation, the Chicago Park District, and all other  
14 political corporations or subdivisions of the State of  
15 Illinois, whether now or hereafter created, whether herein  
16 specifically mentioned or not, and shall also include any  
17 other state or any political corporation or subdivision of  
18 another state.

19 "Public funds" or "public money" means current operating  
20 funds, special funds, interest and sinking funds, and funds of  
21 any kind or character belonging to, in the custody of, or  
22 subject to the control or regulation of the United States or a  
23 public agency. "Public funds" or "public money" shall include  
24 funds held by any of the officers, agents, or employees of the  
25 United States or of a public agency in the course of their  
26 official duties and, with respect to public money of the

1 United States, shall include Postal Savings funds.

2 "Published" means, unless the context requires otherwise,  
3 the publishing of the notice or instrument referred to in some  
4 newspaper of general circulation in the community in which the  
5 bank is located at least once each week for 3 successive weeks.  
6 Publishing shall be accomplished by, and at the expense of,  
7 the bank required to publish. Where publishing is required,  
8 the bank shall submit to the Commissioner that evidence of the  
9 publication as the Commissioner shall deem appropriate.

10 "Qualified financial contract" means any security  
11 contract, commodity contract, forward contract, including spot  
12 and forward foreign exchange contracts, repurchase agreement,  
13 swap agreement, and any similar agreement, any option to enter  
14 into any such agreement, including any combination of the  
15 foregoing, and any master agreement for such agreements. A  
16 master agreement, together with all supplements thereto, shall  
17 be treated as one qualified financial contract. The contract,  
18 option, agreement, or combination of contracts, options, or  
19 agreements shall be reflected upon the books, accounts, or  
20 records of the bank, or a party to the contract shall provide  
21 documentary evidence of such agreement.

22 "Recorded" means the filing or recording of the notice or  
23 instrument referred to in the office of the Recorder of the  
24 county wherein the bank is located.

25 "Resulting bank" means the bank resulting from a merger or  
26 conversion.

1 "Secretary" means the Secretary of Financial and  
2 Professional Regulation, or a person authorized by the  
3 Secretary or by this Act to act in the Secretary's stead.

4 "Securities" means stocks, bonds, debentures, notes, or  
5 other similar obligations.

6 "Special purpose trust company" means a special purpose  
7 trust company under Article IIA of the Corporate Fiduciary  
8 Act.

9 "Stand-by letter of credit" means a letter of credit under  
10 which drafts are payable upon the condition the customer has  
11 defaulted in performance of a duty, liability, or obligation.

12 "State bank" means any banking corporation that has a  
13 banking charter issued by the Commissioner under this Act.

14 "State Banking Board" means the State Banking Board of  
15 Illinois.

16 "Subsidiary" with respect to a specified company means a  
17 company that is controlled by the specified company. For  
18 purposes of paragraphs (8) and (12) of Section 5 of this Act,  
19 "control" means the exercise of operational or managerial  
20 control of a corporation by the bank, either alone or together  
21 with other affiliates of the bank.

22 "Surplus" means the aggregate of (i) amounts paid in  
23 excess of the par value of capital stock and preferred stock;  
24 (ii) amounts contributed other than for capital stock and  
25 preferred stock and allocated to the surplus account; and  
26 (iii) amounts transferred from undivided profits.

1 "Tier 1 Capital" and "Tier 2 Capital" have the meanings  
2 assigned to those terms in regulations promulgated for the  
3 appropriate federal banking agency of a state bank, as those  
4 regulations are now or hereafter amended.

5 "Trust company" means a limited liability company or  
6 corporation incorporated in this State for the purpose of  
7 accepting and executing trusts.

8 "Undivided profits" means undistributed earnings less  
9 discretionary transfers to surplus.

10 "Unimpaired capital and unimpaired surplus", for the  
11 purposes of paragraph (21) of Section 5 and Sections 32, 33,  
12 34, 35.1, 35.2, and 47 of this Act means the sum of the state  
13 bank's Tier 1 Capital and Tier 2 Capital plus such other  
14 shareholder equity as may be included by regulation of the  
15 Commissioner. Unimpaired capital and unimpaired surplus shall  
16 be calculated on the basis of the date of the last quarterly  
17 call report filed with the Commissioner preceding the date of  
18 the transaction for which the calculation is made, provided  
19 that: (i) when a material event occurs after the date of the  
20 last quarterly call report filed with the Commissioner that  
21 reduces or increases the bank's unimpaired capital and  
22 unimpaired surplus by 10% or more, then the unimpaired capital  
23 and unimpaired surplus shall be calculated from the date of  
24 the material event for a transaction conducted after the date  
25 of the material event; and (ii) if the Commissioner determines  
26 for safety and soundness reasons that a state bank should

1 calculate unimpaired capital and unimpaired surplus more  
2 frequently than provided by this paragraph, the Commissioner  
3 may by written notice direct the bank to calculate unimpaired  
4 capital and unimpaired surplus at a more frequent interval. In  
5 the case of a state bank newly chartered under Section 13 or a  
6 state bank resulting from a merger, consolidation, or  
7 conversion under Sections 21 through 26 for which no preceding  
8 quarterly call report has been filed with the Commissioner,  
9 unimpaired capital and unimpaired surplus shall be calculated  
10 for the first calendar quarter on the basis of the effective  
11 date of the charter, merger, consolidation, or conversion.

12 (Source: P.A. 95-924, eff. 8-26-08; 95-1047, eff. 4-6-09;  
13 96-1000, eff. 7-2-10; 96-1163, eff. 1-1-11.)

14 (205 ILCS 5/30) (from Ch. 17, par. 337)

15 Sec. 30. Conversion; merger with trust company or special  
16 purpose trust company. Upon approval by the Commissioner a  
17 trust company having power so to do under the law under which  
18 it is organized may convert into a state bank or may merge into  
19 a state bank as prescribed by this Act; except that the action  
20 by a trust company shall be taken in the manner prescribed by  
21 and shall be subject to limitations and requirements imposed  
22 by the law under which it is organized which law shall also  
23 govern the rights of its dissenting stockholders. The rights  
24 of dissenting stockholders of a state bank shall be governed  
25 by Section 29 of this Act. The conversion or merger procedure



1 shall be:

2 (1) In the case of a merger, the board of directors of both  
3 the merging trust company and the merging bank by a majority of  
4 the entire board in each case shall approve a merger agreement  
5 which shall contain:

6 (a) The name and location of the merging bank and of  
7 the merging trust company and a list of the stockholders  
8 of each as of the date of the merger agreement;

9 (b) With respect to the resulting bank (i) its name  
10 and place of business; (ii) the amount of capital, surplus  
11 and reserve for operating expenses; (iii) the classes and  
12 the number of shares of stock and the par value of each  
13 share; (iv) the charter which is to be the charter of the  
14 resulting bank, together with the amendments to the  
15 continuing charter and to the continuing by-laws; and (v)  
16 a detailed financial statement showing the assets and  
17 liabilities after the proposed merger;

18 (c) Provisions governing the manner of converting the  
19 shares of the merging bank and of the merging trust  
20 company into shares of the resulting bank;

21 (d) A statement that the merger agreement is subject  
22 to approval by the Commissioner and by the stockholders of  
23 the merging bank and the merging trust company, and that  
24 whether approved or disapproved, the parties thereto will  
25 pay the Commissioner's expenses of examination;

26 (e) Provisions governing the manner of disposing of

1 the shares of the resulting bank not taken by the  
2 dissenting stockholders of the merging trust company; and

3 (f) Such other provisions as the Commissioner may  
4 reasonably require to enable him to discharge his duties  
5 with respect to the merger.

6 (2) After approval by the board of directors of the  
7 merging bank and of the merging trust company, the merger  
8 agreement shall be submitted to the Commissioner for approval  
9 together with the certified copies of the authorizing  
10 resolution of each board of directors showing approval by a  
11 majority of each board.

12 (3) After receipt by the Commissioner of the papers  
13 specified in subsection (2), he shall approve or disapprove  
14 the merger agreement. The Commissioner shall not approve the  
15 agreement unless he shall be of the opinion and finds:

16 (a) That the resulting bank meets the requirements of  
17 this Act for the formation of a new bank at the proposed  
18 place of business of the resulting bank;

19 (b) That the same matters exist in respect of the  
20 resulting bank which would have been required under  
21 Section 10 of this Act for the organization of a new bank;  
22 and

23 (c) That the merger agreement is fair to all persons  
24 affected. If the Commissioner disapproves the merger  
25 agreement, he shall state his objections in writing and  
26 give an opportunity to the merging bank and the merging

1 trust company to obviate such objections.

2 (4) To be effective, if approved by the Commissioner, a  
3 merger of a bank and a trust company where there is to be a  
4 resulting bank must be approved by the affirmative vote of the  
5 holders of at least two-thirds of the outstanding shares of  
6 stock of the merging bank entitled to vote at a meeting called  
7 to consider such action, unless holders of preferred stock are  
8 entitled to vote as a class in respect thereof, in which event  
9 the proposed merger shall be adopted upon receiving the  
10 affirmative vote of the holders of at least two-thirds of the  
11 outstanding shares of each class of shares entitled to vote as  
12 a class in respect thereof and of the total outstanding shares  
13 entitled to vote at such meeting and must be approved by the  
14 stockholders of the merging trust company as provided by the  
15 Act under which it is organized. The prescribed vote by the  
16 merging bank and the merging trust company shall constitute  
17 the adoption of the charter and by-laws of the continuing  
18 bank, including the amendments in the merger agreement, as the  
19 charter and by-laws of the resulting bank. Written or printed  
20 notice of the meeting of the stockholders of the merging bank  
21 shall be given to each stockholder of record entitled to vote  
22 at such meeting at least thirty days before such meeting and in  
23 the manner provided in this Act for the giving of notice of  
24 meetings of stockholders. The notice shall state that  
25 dissenting stockholders of the merging trust company will be  
26 entitled to payment of the value of those shares which are

1 voted against approval of the merger, if a proper demand is  
2 made on the resulting bank and the requirements of the Act  
3 under which the merging trust company is organized are  
4 satisfied.

5 (5) Unless a later date is specified in the merger  
6 agreement, the merger shall become effective upon the filing  
7 with the Commissioner of the executed merger agreement,  
8 together with copies of the resolutions of the stockholders of  
9 the merging bank and the merging trust company approving it,  
10 certified by the president or a vice-president or, the cashier  
11 and also by the secretary or other officer charged with  
12 keeping the records. The charter of the merging trust company  
13 shall thereupon automatically terminate. The Commissioner  
14 shall thereupon issue to the continuing bank a certificate of  
15 merger which shall specify the name of the merging trust  
16 company, the name of the continuing bank and the amendments to  
17 the charter of the continuing bank provided for by the merger  
18 agreement. Such certificate shall be conclusive evidence of  
19 the merger and of the correctness of all proceedings therefor  
20 in all courts and places including the office of the Secretary  
21 of State, and said certificate shall be recorded.

22 (6) In the case of a conversion, a trust company shall  
23 apply for a charter by filing with the Commissioner:

24 (a) A certificate signed by its president, or a  
25 vice-president, and by a majority of the entire board of  
26 directors setting forth the corporate action taken in

1 compliance with the provisions of the Act under which it  
2 is organized governing the conversion of a trust company  
3 to a bank or governing the merger of a trust company into  
4 another corporation;

5 (b) The plan of conversion and the proposed charter  
6 approved by the stockholders for the operation of the  
7 trust company as a bank. The plan of conversion shall  
8 contain (i) the name and location proposed for the  
9 converting trust company; (ii) a list of its stockholders  
10 as of the date of the stockholders' approval of the plan of  
11 conversion; (iii) the amount of its capital, surplus and  
12 reserve for operating expenses; (iv) the classes and the  
13 number of shares of stock and the par value of each share;  
14 (v) the charter which is to be the charter of the resulting  
15 bank; and (vi) a detailed financial statement showing the  
16 assets and liabilities of the converting trust company;

17 (c) A statement that the plan of conversion is subject  
18 to approval by the Commissioner and that, whether approved  
19 or disapproved, the converting trust company will pay the  
20 Commissioner's expenses of examination; and

21 (d) Such other instruments as the Commissioner may  
22 reasonably require to enable him to discharge his duties  
23 with respect to the conversion.

24 (7) After receipt by the Commissioner of the papers  
25 specified in subsection (6), he shall approve or disapprove  
26 the plan of conversion. The Commissioner shall not approve the

1 plan of conversion unless he shall be of the opinion and finds:

2 (a) That the resulting bank meets the requirements of  
3 this Act for the formation of a new bank at the proposed  
4 place of business of the resulting bank;

5 (b) That the same matters exist in respect of the  
6 resulting bank which would have been required under  
7 Section 10 of this Act for the organization of a new bank;  
8 and

9 (c) That the plan of conversion is fair to all persons  
10 affected.

11 If the commissioner disapproves the plan of conversion, he  
12 shall state his objections in writing and give an opportunity  
13 to the converting trust company to obviate such objections.

14 (8) Unless a later date is specified in the plan of  
15 conversion, the conversion shall become effective upon the  
16 Commissioner's approval, and the charter proposed in the plan  
17 of conversion shall constitute the charter of the resulting  
18 bank. The Commissioner shall issue a certificate of conversion  
19 which shall specify the name of the converting trust company,  
20 the name of the resulting bank and the charter provided for by  
21 said plan of conversion. Such certificate shall be conclusive  
22 evidence of the conversion and of the correctness of all  
23 proceedings therefor in all courts and places including the  
24 office of the Secretary of State, and such certificate shall  
25 be recorded.

26 (8.5) A special purpose trust company under Article IIA of

1 the Corporate Fiduciary Act may merge with a State bank or  
2 convert to a State bank as if the special purpose trust company  
3 were a trust company under Article II of the Corporate  
4 Fiduciary Act, subject to rules adopted by the Department.

5 (9) In the case of either a merger or a conversion under  
6 this Section 30, the resulting bank shall be considered the  
7 same business and corporate entity as each merging bank and  
8 merging trust company or as the converting trust company with  
9 all the property, rights, powers, duties and obligations of  
10 each as specified in Section 28 of this Act.

11 (Source: P.A. 91-357, eff. 7-29-99.)

12 Section 10. The Corporate Fiduciary Act is amended by  
13 adding Article IIA as follows:

14 (205 ILCS 620/Art. IIA heading new)

15 ARTICLE IIA. SPECIAL PURPOSE TRUST COMPANY

16 AUTHORITY AND ORGANIZATION

17 (205 ILCS 620/2A-1 new)

18 Sec. 2A-1. Special purpose trust company. Any corporation  
19 that has been or shall be incorporated under the general  
20 corporation laws of this State for the special purpose of  
21 providing fiduciary custodial services or providing other like  
22 or related services as specified by rule, consistent with this  
23 Article, may be appointed to act as a fiduciary with respect to

1 such services and shall be designated a special purpose trust  
2 company.

3 (205 ILCS 620/2A-2 new)

4 Sec. 2A-2. Certificate of authority.

5 (a) It shall not be lawful for any person to engage in the  
6 activity of a special purpose trust company after the  
7 effective date of this amendatory Act of the 102nd General  
8 Assembly without first filing an application for and procuring  
9 from the Secretary a certificate of authority stating that the  
10 person has complied with the requirements of this Act and is  
11 qualified to engage in the activity of a special purpose trust  
12 company.

13 (b) No natural person or natural persons, firm, or  
14 partnership, or corporation not having been authorized under  
15 this Act shall transact in the activity of a special purpose  
16 trust company. A person who violates this Section is guilty of  
17 a Class A misdemeanor and the Attorney General or State's  
18 Attorney of the county in which the violation occurs may  
19 restrain the violation by a complaint for injunctive relief.

20 (c) Any entity that holds a certificate of authority under  
21 Article II of this Act may engage in the activity of a special  
22 purpose trust company without applying for or receiving a  
23 certificate of authority under this Article IIA.

24 (205 ILCS 620/2A-3 new)



1       Sec. 2A-3. Rulemaking and organization.

2       (a) The Department shall adopt rules for the  
3 administration of this Article, including, but not limited to:  
4 rules for defining statutory terms; applying for a certificate  
5 of authority; review, investigation, and approval of  
6 application for certificate of authority; capital  
7 requirements; merger, change of control, conversion, and  
8 successor trustee; office location and name; collateralizing  
9 fiduciary assets; and general corporate powers.

10       (b) Articles V, VI, VII, VIII and IX of this Act shall  
11 apply to a special purpose trust company under this Article as  
12 if the special purpose trust company were a trust company  
13 authorized under Article II of this Act, subject to any rules  
14 adopted by the Department.

15       Section 15. The Blockchain Business Development Act is  
16 amended by adding Section 11 as follows:

17       (205 ILCS 725/11 new)

18       Sec. 11. Digital asset rules. The Department of Financial  
19 and Professional Regulation shall have authority to adopt  
20 rules, opinions, or interpretive letters regarding the custody  
21 of digital assets, including digital consumer assets, digital  
22 securities, and virtual currency.

1 INDEX

2 Statutes amended in order of appearance

3 205 ILCS 5/2 from Ch. 17, par. 302

4 205 ILCS 5/30 from Ch. 17, par. 337

5 205 ILCS 620/Art. IIA

6 heading new

7 205 ILCS 620/2A-1 new

8 205 ILCS 620/2A-2 new

9 205 ILCS 620/2A-3 new

10 205 ILCS 725/11 new