

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

SENATE FILE NO.

Special purpose depository institutions-amendments.

Sponsored by: Senator(s) Rothfuss

A BILL

for

1 AN ACT relating to banks, banking and finance; providing
2 for the conversion of special purpose depository
3 institutions into public trust companies; amending capital
4 startup requirements for special purpose depository
5 institutions; repealing requirements limiting depositors of
6 special purpose depository institutions to legal entities
7 and requirements of legal entities as specified; and
8 providing for effective dates.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

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STAFF COMMENT

1 As currently drafted, the newly created W.S. 13-5-523 below
2 would allow for the conversion of a special purpose
3 depository institution into a public trust without having
4 to go through the normal formation process required in W.S.
5 13-5-501 through 13-5-509, including requirements for a
6 public hearing.

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10 Section 1. W.S. 13-5-523 is created to read:

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12 13-5-523. Conversion from special purpose depository
13 institutions.

14

15 (a) The commissioner, with approval of the board, may
16 convert the charter of a special purpose depository
17 institution chartered under W.S. 13-12-115 to a public
18 trust company chartered under this article. A conversion
19 shall occur as follows:

20

21 (i) A special purpose depository institution
22 seeking to convert its charter to a public trust company
23 shall file an application to convert that contains a
24 comprehensive plan for conversion as required by this
25 section and rules promulgated by the commissioner. The
26 application shall include a certificate signed by the
27 institution's president and a majority of the board of

1 directors setting forth the action taken to support the
2 proposed conversion in compliance with this section. The
3 plan of conversion and a proposed organizational instrument
4 that includes the information required by W.S. 13-5-501
5 shall be approved by the shareholders of the special
6 purpose depository institution prior to submitting an
7 application for conversion;

8

9 (ii) The application to convert shall include a
10 comprehensive plan for conversion setting forth any
11 necessary disposition of assets and liabilities in
12 reasonable detail to effect the conversion, and any other
13 plans required by the commissioner. The application shall
14 be accompanied by a fee established by rule and regulation
15 of the commissioner. The plan of conversion shall provide
16 for the discharge or assumption of all known and unknown
17 claims and liabilities of the special purpose depository
18 institution. Additionally, the application for conversion
19 shall include other evidence, certifications, affidavits,
20 documents or information as the commissioner may require,
21 including demonstration of how assets and liabilities will
22 be disposed, the timetable for effecting disposition or
23 transfer of the assets and liabilities and a proposal for

1 addressing any claims that are asserted after conversion
2 has been completed.

3

4 (iii) The commissioner shall examine the
5 application for compliance with this section, W.S. 13-5-510
6 through 13-5-520 and applicable rules. The commissioner may
7 conduct a special examination of the special purpose
8 depository institution, consistent with W.S. 13-12-119(c),
9 for purposes of evaluating the application.

10

11 (b) Upon receipt of a complete application, the
12 commissioner shall notify the board. The board, in its
13 discretion, may allow the commissioner to proceed with
14 approval of an application on an expedited basis without
15 further oversight or approval by the board or, if deemed
16 necessary by the board, the board may require a process
17 consistent with W.S. 13-5-502 and 13-5-507. Where an
18 expedited review is allowed by the board, the commissioner
19 shall approve or deny a conversion application under this
20 section within ninety (90) days of receipt of a complete
21 application.

22

1 (c) The application shall not be approved under this
 2 section until the board or commissioner, as applicable, has
 3 ascertained to the board's or commissioner's satisfaction
 4 that the proposed public trust company satisfies all
 5 criteria under W.S. 13-5-507(a)(i) through (v), meets all
 6 applicable requirements of W.S. 13-5-510 through 13-5-520
 7 and meets any applicable rules to operate in all respects
 8 as a public trust company.

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12 STAFF COMMENT

13 For reference, W.S. 13-5-507(a) is copied below:

14

15 13-5-507. Approval or disapproval of application;
 16 criteria for approval; action upon application; interim
 17 charter; fee.

18

19 (a) Within ninety (90) days after receipt of the
 20 transcript of the public meeting or hearing, the board
 21 shall in its discretion approve, conditionally approve or
 22 disapprove the application, but it shall not approve the
 23 application until it has ascertained to its satisfaction:

24

25 (i) The proposed public trust company is only
 26 being formed for legitimate objects contemplated by the
 27 laws of the state;

28

29 (ii) The proposed capital and surplus are not
 30 less than the required minimum established in W.S. 13-5-511
 31 and are adequate in light of current and prospective
 32 conditions;

33

34 (iii) The proposed officers and directors or
 35 managers have sufficient experience, ability and

1 professional reputation to afford reasonable promise of
2 successful operation;

3

4 (iv) The name of the proposed public trust
5 company does not resemble so closely as to cause confusion
6 the name of any other financial institution transacting
7 business in the state; and

8

9 (v) The applicants have complied with all
10 applicable provisions of law.

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14 (d) A public trust company that results from a
15 conversion under this section shall be deemed to have been
16 in existence for the same period of time as the special
17 purpose depository institution from which it converted and
18 shall surrender its certificate of authority under W.S. 13-
19 12-116. Upon completion of the conversion the company shall
20 not use the term "special purpose depository institution"
21 or "bank" in its business name or in connection with its
22 ongoing business.

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26 STAFF COMMENT
27 While Wyoming Statute does provide for a state bank
28 resulting from the conversion of certain federally
29 chartered or out of state banks to be deemed to have been
30 in existence for the same period of time as the converting
31 entity (See W.S. 13-9-310(c)), there does not appear to be
32 similar language in any of the trust statutes, and there
33 may be unintended consequences.

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4 (e) The commissioner shall adopt all rules necessary
5 to implement this section.

6
7 **Section 2.** W.S. 13-12-102(b)(xiv) and 13-12-110(b)
8 are amended to read:

9
10 **13-12-102. Applicability of other provisions.**

11
12 (b) The following provisions of this title shall not
13 apply to this chapter:

14
15 (xiv) W.S. 13-5-101 through 13-8-302, except as
16 otherwise provided in W.S. 13-5-523.

17
18 **13-12-110. Required initial capital and surplus;**
19 **additional capital.**

20
21 (b) No special purpose depository institution shall
22 commence business until the full amount of its authorized
23 capital is subscribed and all capital stock is fully paid
24 in. No special purpose depository institution may be

1 chartered without a paid up surplus fund of not less than
 2 twenty percent (20%) of its legally authorized capital
 3 stock, and undivided profits in an amount not less than
 4 three (3) years of estimated operating expenses in the
 5 amount disclosed pursuant to W.S. 13-12-111(b) or in
 6 another amount required by the commissioner.

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8 **Section 2.** W.S. 13-12-104(a)(i), (ii) and (iv), (c)
 9 and (d) is repealed.

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STAFF COMMENT

14 For reference, W.S. 13-12-104 is copied below in its
 15 entirety with the repealed language emphasized.

16

17 **13-12-104. Requirements relating to depositors;**
 18 **nature of business.**

19

20 (a) Except as otherwise provided by subsection (d) of
 21 this section, no depositor shall maintain an account with a
 22 special purpose depository institution or otherwise receive
 23 any services from the institution unless the depositor
 24 meets the criteria of this subsection. A depositor shall:

25

26 (i) Be a legal entity other than a natural
 27 person;

28

29 (ii) Be in good standing with the jurisdiction
 30 in which it is incorporated or organized;

31

32 (iii) Maintain deposits with the institution
 33 totaling not less than five thousand dollars (\$5,000.00);

34

1 (iv) Be engaged in a lawful, bona fide business,
2 consistent with subsection (c) of this section and W.S. 13-
3 12-103(f); and
4

5 (v) Make sufficient evidence available to the
6 special purpose depository institution to enable compliance
7 with anti-money laundering, customer identification and
8 beneficial ownership requirements, as determined by the
9 institution.

10
11 (b) Repealed by Laws 2020, ch. 27, 2.
12

13 (c) Consistent with paragraphs (a)(iv) and (v) of
14 this section and in addition to any requirements specified
15 by federal law, a special purpose depository institution
16 shall require that a potential depositor provide reasonable
17 evidence that the person is engaged in a lawful, bona fide
18 business, or is likely to open a lawful, bona fide business
19 within the next six (6) months. As used in this subsection,
20 "reasonable evidence" includes business entity filings,
21 articles of incorporation or organization, bylaws,
22 operating agreements, business plans, promotional
23 materials, financing agreements or other evidence. This
24 subsection shall not apply to activities conducted under
25 subsection (d) of this section.
26

27 (d) A special purpose depository institution may
28 conduct incidental activities under W.S. 13-12-103(b)(vii)
29 with persons who do not meet the criteria of paragraphs
30 (a)(i) through (iv) of this section. The lawful business
31 requirements of W.S. 13-12-103(f) shall remain applicable.

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35 Section 3. The banking commissioner shall adopt all
36 rules necessary to implement this act on or before July 1,
37 2025.
38

39 Section 4.

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2 (a) Except as otherwise provided by subsection (b) of
3 this section, this act is effective July 1, 2025.

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5 (b) Sections 3 and 4 of this act are effective are
6 effective immediately upon completion of all acts necessary
7 for a bill to become law as provided by Article 4, Section
8 8 of the Wyoming Constitution.

9

10 (END)