

1 AN ACT concerning corporate fiduciaries.

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

4 Section 5. The Corporate Fiduciary Act is amended by  
5 changing Sections 5-10 and 8-1 and adding Sections 2-6.5,  
6 6-13.5, and 9-6 as follows:

7 (205 ILCS 620/2-6.5 new)

8 Sec. 2-6.5. Directors.

9 (a) The business and affairs of a corporate fiduciary  
10 shall be managed by its board of directors, which shall  
11 exercise its powers in accordance with this Section.

12 (b) The directors shall be elected as provided in  
13 this Act. Any omission to elect a director or directors  
14 shall not impair any of the rights and privileges of the  
15 corporate fiduciary or of any person in any way interested.  
16 The existing directors shall hold office until their  
17 successors are elected and qualify.

18 (c) Notwithstanding the provisions of any certificate of  
19 authority heretofore or hereafter issued, the number of  
20 directors, not fewer than 5, may be fixed from time to time  
21 by the stockholders at any meeting of the stockholders  
22 called for the purpose of electing directors or  
23 changing the number thereof by the affirmative vote of at  
24 least two-thirds of the outstanding stock entitled to vote at  
25 the meeting, and the number so fixed shall be the board  
26 regardless of vacancies until the number of directors is  
27 thereafter changed by similar action.

28 (d) Except as otherwise provided in this subsection,  
29 directors shall hold office until the next annual meeting  
30 of the stockholders succeeding their election or until  
31 their successors are elected and qualify. If the board of

1 directors consists of 6 or more members, in lieu of electing  
2 the membership of the whole board of directors annually, the  
3 by-laws of a corporate fiduciary may provide that the  
4 directors shall be divided into either 2 or 3 classes, each  
5 class to be as nearly equal in number as is possible. The  
6 term of office of directors of the first class shall expire  
7 at the first annual meeting of the stockholders after their  
8 election, that of the second class shall expire at the second  
9 annual meeting after their election, and that of the third  
10 class, if any, shall expire at the third annual meeting after  
11 their election. At each annual meeting after classification,  
12 the number of directors equal to the number of the class  
13 whose terms expire at the time of the meeting shall be  
14 elected to hold office until the second succeeding annual  
15 meeting if there are 2 classes or until the third succeeding  
16 annual meeting if there are 3 classes. Vacancies may be  
17 filled by stockholders at a special meeting called for the  
18 purpose. If authorized by the corporate fiduciary's  
19 by-laws or an amendment thereto, the directors of a corporate  
20 fiduciary may properly fill a vacancy or vacancies arising  
21 between stockholders' meetings, but at no time may the number  
22 of directors selected to fill a vacancy in this manner  
23 during any interim period between stockholders' meetings  
24 exceed one-third of the total membership of the board of  
25 directors.

26 (e) The board of directors shall hold regular  
27 meetings at least once each month, provided that, upon prior  
28 written approval by the Commissioner, the board of  
29 directors may hold regular meetings less frequently than  
30 once each month but at least once each calendar quarter. A  
31 special meeting of the board of directors may be held as  
32 provided by the by-laws. A special meeting of the board  
33 of directors may also be held as provided in Section 5-5 of  
34 this Act. A majority of the board of directors shall

1 constitute a quorum for the transaction of business unless a  
2 greater number is required by the by-laws. The act of the  
3 majority of the directors present at a meeting at which a  
4 quorum is present shall be the act of the board of directors  
5 unless the act of a greater number is required by the  
6 by-laws.

7 (f) A member of the board of directors shall be elected  
8 president. The board of directors may appoint other officers,  
9 as the by-laws may provide, and fix their salaries to carry  
10 on the business of the corporate fiduciary. The board of  
11 directors may make and amend by-laws (not inconsistent with  
12 this Act) for the government of the corporate fiduciary and  
13 may, by the affirmative vote of a majority of the board of  
14 directors, establish reasonable compensation of all  
15 directors for services to the corporation as directors,  
16 officers, or otherwise. An officer, whether elected or  
17 appointed by the board of directors or appointed  
18 pursuant to the by-laws, may be removed by the board of  
19 directors at any time.

20 (g) The board of directors shall cause suitable books  
21 and records of all the corporate fiduciary's transactions to  
22 be kept.

23 (h) The provisions of this Section do not apply to a  
24 corporate fiduciary that is a trust department of a bank,  
25 savings bank, savings and loan association, or foreign  
26 banking corporation issued a certificate of authority  
27 pursuant to the Foreign Banking Office Act.

28 (205 ILCS 620/5-10) (from Ch. 17, par. 1555-10)

29 Sec. 5-10. Fees; receivership account.

30 (a) There shall be paid to the Commissioner by every  
31 corporate fiduciary including each trust company, bank,  
32 savings and loan association, and savings bank to which this  
33 Act shall apply, reasonable fees that the Commissioner shall

1 assess to recover the costs of administration, certification,  
2 examination and supervision of trusts authorized under this  
3 Act.

4 (b) In addition to the fees authorized in subsection (a)  
5 of this Section the Commissioner shall assess reasonable  
6 receivership fees and establish a Corporate Fiduciary  
7 Receivership account in the Bank and Trust Company Fund to  
8 provide for the expenses that arise from the administration  
9 of the receivership of a corporate fiduciary under this Act.  
10 The aggregate of such assessments shall be paid into the  
11 Corporate Fiduciary Receivership account in the Bank and  
12 Trust Company Fund. The assessments for this account shall  
13 be levied until the sum of \$4,000,000 ~~\$350,000~~ has been  
14 deposited into the account from assessments authorized  
15 herein, whereupon the Corporate Fiduciary Receivership  
16 account assessment shall be abated. If a receivership of a  
17 corporate fiduciary under this Act requires expenditures from  
18 this account, assessments may be reinstated until the  
19 balance in the Corporate Fiduciary Receivership account  
20 arising from assessments is restored to \$4,000,000 ~~\$350,000~~.

21 (c) The Commissioner may, by rule, establish a  
22 reasonable manner of assessing the receivership assessments  
23 under this Section.

24 (Source: P.A. 86-754; 86-952.)

25 (205 ILCS 620/6-13.5 new)

26 Sec. 6-13.5. Pledging requirements.

27 (a) The Commissioner may require a trust company holding  
28 a certificate of authority under this Act to pledge to the  
29 Commissioner securities or a surety bond which shall run to  
30 the Commissioner in an amount, not to exceed \$1,000,000, that  
31 the Commissioner deems appropriate for costs associated with  
32 the receivership of the trust company. In the event of a  
33 receivership of a trust company, the Commissioner may,

1 without regard to any priorities, preferences, or adverse  
 2 claims, reduce the pledged securities or the surety bond to  
 3 cash and, as soon as practicable, utilize the cash to cover  
 4 costs associated with the receivership.

5 (b) If the trust company chooses to pledge securities to  
 6 satisfy the provisions of this Section, the securities shall  
 7 be held at a depository institution or a Federal Reserve Bank  
 8 approved by the Commissioner. The Commissioner may specify  
 9 the types of securities that may be pledged in accordance  
 10 with this Section. Any fees associated with holding such  
 11 securities shall be the responsibility of the trust company.

12 (c) If the trust company chooses to purchase a surety  
 13 bond to satisfy the provisions of this Section, the bond  
 14 shall be issued by a bonding company, approved by the  
 15 Commissioner, that is authorized to do business in this State  
 16 and that has a rating in one of the 3 highest grades as  
 17 determined by a national rating service. The bond shall be  
 18 in a form approved by the Commissioner. The trust company  
 19 may not obtain a surety bond from any entity in which the  
 20 trust company has a financial interest.

21 (205 ILCS 620/8-1) (from Ch. 17, par. 1558-1)

22 Sec. 8-1. False statements. It is unlawful for any  
 23 officer, director, employee, or agent of any corporate  
 24 fiduciary subject to examination by the Commissioner or any  
 25 person filing an application or submitting information in  
 26 connection with an application to the Commissioner to who  
 27 shall willfully and knowingly subscribe to or make, or cause  
 28 to be made, any false statement or false entry with intent to  
 29 deceive any person or persons authorized to examine into the  
 30 affairs of the such corporate fiduciary or applicant or with  
 31 intent to deceive the Commissioner or his administrative  
 32 officers in the performance of their duties under this Act.  
 33 A person who violates this Section is upon conviction thereof

1 shall-be guilty of a Class 3 felony.

2 (Source: P.A. 85-858.)

3 (205 ILCS 620/9-6 new)

4 Sec. 9-6. Audits.

5 (a) At least once in each calendar year a corporate  
6 fiduciary must cause its books and records to be audited by  
7 an independent licensed public accountant. The Commissioner  
8 may prescribe the scope of the audit within generally  
9 accepted audit principles and standards.

10 (b) The independent licensed public accountant shall  
11 provide a written audit report to the corporate fiduciary's  
12 board of directors or to a committee appointed by the  
13 corporate fiduciary's board of directors. If the audit  
14 report is given to a committee appointed by the corporate  
15 fiduciary's board of directors, the committee shall, within  
16 30 days after the date of receipt of the audit report,  
17 provide the board of directors with a written summary of the  
18 audit findings as detailed in the audit report.

19 (c) The corporate fiduciary's board of directors or  
20 committee appointed by the board of directors shall cause a  
21 copy of the audit report and any written summary pursuant to  
22 paragraph (b) of this Section to be filed with the  
23 Commissioner within 45 days after receipt of the audit  
24 report.

25 Section 99. Effective date. This Act takes effect upon  
26 becoming law.