



# Ohio Legislative Service Commission

## Sub. Bill Comparative Synopsis

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### H.B. 229 and LSC 131 1520-5

131st General Assembly

(H. Financial Institutions, Housing, and Urban Development)

This table summarizes how the latest substitute version of the bill differs from the immediately preceding version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same. If a provision is the same in both versions, but located in a different section or division, it will not be mentioned.

Topic	H.B. 229 (As Introduced)	Sub. Version (LSC 131 1520-5)
<b>Designated relative change</b>	No provision.	Prohibits change of designated relative after "designation" has been made ( <i>R.C. 1112.01(D)(3)</i> ).
<b>Definition of "family trust company" (FTC)</b>	Requires the corporation or limited liability company to not transact trust business with, propose to act as a fiduciary for, or accept trust business from, a person that is not a family client ( <i>R.C. 1112.01(H)(4)</i> ).	Same, but does not require the FTC to not solicit trust business from a person that is not a family client ( <i>R.C. 1112.04(H)(4)</i> ).

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<b>Superintendent of Financial Institution's (Superintendent) supervision of unlicensed FTCs</b>	Exempts unlicensed FTCs from the supervision of the Superintendent ( <i>R.C. 1112.03(A)</i> ).	Same, but only if the FTC meets the criteria set forth in the bill for an unlicensed FTC ( <i>R.C. 1112.03(A)(1)</i> ).
<b>Unlicensed FTC affidavit and fee to Superintendent</b>	<p>Requires an unlicensed FTC to file an affidavit annually with the Superintendent signed by a senior officer of the FTC verifying the FTC meets all the requirements to transact business as an unlicensed FTC in Ohio (<i>R.C. 1112.03(A)</i>).</p> <p>No provision.</p> <p>No provision.</p>	<p>Same, but requires the affidavit to be filed before the unlicensed FTC commences operations as a FTC and annually thereafter (<i>R.C. 1112.03(A)(1)</i>).</p> <p>Permits the Superintendent to charge and collect a fee from the unlicensed FTC when the FTC files the affidavit (<i>R.C. 1112.03(A)(1)</i>).</p> <p>Requires the Superintendent to adopt rules in accordance with the Administrative Procedure Act to set the fee amount, if the Superintendent decides to collect an affidavit fee (<i>R.C. 1112.03(A)(2)</i>).</p>
<b>Exemption from R.C. Title XI (Financial Institutions)</b>	Exempts a licensed FTC from laws under any other chapter of R.C. Title XI (Financial Institutions) ( <i>R.C. 1112.03(B)</i> ).	Same, except for what is otherwise provided in the bill ( <i>R.C. 1112.03(B)</i> ).
<b>Conflict of interest in transactions and investments</b>	<p>Permits an FTC to transact business with or invest in any asset of any the following:</p> <p>(1) A trust, estate, guardianship, or conservatorship for which the FTC is a fiduciary;</p> <p>(2) A family affiliate;</p>	Same, but only after full disclosure to the governing body of the FTC is provided ( <i>R.C. 1112.05(B)</i> ).

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	(3) Any other business entity, agent, or person for which a conflict of interest may exist ( <i>R.C. 1112.07(B)</i> ).	
<b>Licensing</b> <b>Superintendent considerations for approving or disapproving FTC licensure application</b>	No provision.	<p>Establishes that in determining whether to approve or disapprove an application for an FTC license, the Superintendent must consider all of the following:</p> <p>(1) Whether the applicant is a corporation or limited liability company that meets the bill's definition of FTC;</p> <p>(2) Whether the applicant's articles of incorporation or articles of organization authorize the applicant to serve as trustee;</p> <p>(3) Whether the applicant satisfies the bill's bond and liability insurance requirements;</p> <p>(4) Whether it is reasonable to believe the applicant will comply with applicable laws and observe sound fiduciary standards in conducting trust business in Ohio (<i>R.C. 1112.07(C)</i>).</p>
<b>Financial status of directors, officers, managers</b>	Requires that the "financial status" of the directors and the president, vice-presidents, and treasurer of the corporation, or the managers and family members acting in a managerial capacity for the limited liability company, is consistent with their responsibilities and duties ( <i>R.C. 1112.12(A)(4)</i> ).	Similar, but instead requires the "qualifications" of those officers or managers be consistent with their responsibilities and duties ( <i>R.C. 1112.08(A)(4)</i> ).

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<b>Hearing regarding denial of licensure application</b>	Requires that the Superintendent to notify the applicant of the license denial and allow the applicant reasonable opportunity to be heard in accordance with the Administrative Procedure Act ( <i>R.C. 1112.12(B)</i> ).	Same, but states that any related hearing must not be open to the public ( <i>R.C. 1112.08(B)</i> ).
<b>License renewal; duration of license</b>	Permits an FTC license to be renewed annually, if the renewal application is accompanied by a \$500 fee and any additional fee required, and if the applicant meets the conditions set forth in the bill ( <i>R.C. 1112.13</i> ).	Establishes that the license issued will remain in force and effective until surrendered by the licensee or suspended or revoked by the Superintendent pursuant to the bill's provisions ( <i>R.C. 1112.07(E)</i> ).
<b>License transfers and assignments</b>	No provision.	Prohibits a FTC license from being transferred or assigned ( <i>R.C. 1112.09</i> ).
<b>Pledging of securities</b>	<p>Requires an FTC to pledge to the State Treasurer specified types of interest-bearing securities, prior to transacting any business as a licensed FTC (<i>R.C. 1112.17(A)</i>).</p> <p>Permits, as a type of security that satisfies the pledged security requirement under the bill, a general obligation of a state or any subdivision of a state (<i>R.C. 1112.17(B)(3)</i>).</p> <p>Requires the Superintendent, with the approval of the State Treasurer and the Attorney General to prescribe the form of all receipts and acknowledgements of the pledged securities requirement (<i>R.C. 1112.17(G)</i>).</p>	<p>Same, but requires the bonds or other obligations to be rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer (<i>R.C. 1112.12(A) and (B)</i>).</p> <p>No provision.</p> <p>Same, but does not require the approval of the Attorney General (<i>R.C. 1112.12(G)</i>).</p>
<b>FTC exempt from financial institution tax</b>	No provision.	Exempts an FTC from the financial institution tax ( <i>R.C. 1112.16</i> ).

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<b>Fiduciary accounts and relationships</b>	No provision.	Requires an FTC to keep separate and complete records for each fiduciary account or relationship <i>(R.C. 1112.18(A))</i> .
	No provision.	Permits an FTC to place securities it holds in any fiduciary capacity with a qualified custodian of securities, who may also place those securities with another qualified custodian of securities <i>(R.C. 1112.18(B))</i> .
	No provision.	Permits an FTC to register and hold securities it holds in any fiduciary capacity in its own name, in the name of a nominee, or if appropriate to the securities, in bearer form. A custodian that has custody of securities held by an FTC in a fiduciary capacity may hold or place those securities in the name of the FTC, the custodian's own name, the name of either of their nominees, or in bearer form. <i>(R.C. 1112.18(C))</i> .
	No provision.	Permits an FTC and custodian of securities that has custody of securities held by an FTC in any fiduciary capacity, to hold the securities in any fiduciary capacity, including those held in bearer form, whether or not the securities are certificated, without certification of ownership attached to the securities <i>(R.C. 1112.18(D))</i> .
	No provision.	Permits an FTC that serves as a cofiduciary to, with consent of the other cofiduciaries, do any of the following:  (1) Place securities it holds in a fiduciary capacity with a custodian of securities;

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		<p>(2) Register and hold securities it holds in a fiduciary capacity in its own name, in the name of a nominee, or in bearer form;</p> <p>(3) Hold securities it holds in any fiduciary capacity in bulk.</p> <p>Permits any person that serves as a cofiduciary with an FTC for any securities in Ohio to consent to the FTC taking any of the actions authorized above. <i>(R.C. 1112.18(E).)</i></p>
<b>Records and documentation</b>	<p>No provision.</p> <p>No provision.</p>	<p>Permits an FTC to retain a document or other instrument for any business purpose <i>(R.C. 1112.19(A)).</i></p> <p>Permits an FTC to store a representation of the original document, instrument, or record if all of the following apply:</p> <p>(1) The process correctly and accurately copies or reproduces, or provides a means for correctly and accurately copying or reproducing, the original with regard to both its substance and appearance, except the copy or reproduction need not reflect the original medium, size, or color, unless that is necessary to establish the original's authenticity;</p> <p>(2) The process does not permit the stored representation of the original to be altered or manipulated;</p> <p>(3) Any medium the process uses to store a representation of the original is a durable</p>

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	<p>No provision.</p> <p>No provision.</p>	<p>medium for retaining and reproducing records (R.C. 1112.19(A)).</p> <p>Requires the Superintendent to identify and publish a list of processes that satisfies the conditions above (R.C. 1112.19(B)).</p> <p>Requires that each FTC that uses a process authorized by the bill to preserve any of its records must also provide for safekeeping and for examining, viewing, or projecting the records preserved, and for producing reproductions of the original records (R.C. 1112.19(C)).</p>
<b>FTCs subject to Superintendent oversight</b>	No provision.	Subjects licensed FTCs to all powers of, and remedies and sanctions available to, the Superintendent and the Division of Financial Institutions under the Banking Laws, in addition to the specific powers, remedies, and sanctions provided under the bill (R.C. 1112.20(A)).
<b>Cease and desist and "regulated person"</b>	<p>No provision.</p> <p>No provision.</p>	<p>Establishes that a cease and desist order, removal or prohibition order, or a suspension order issued under existing law against a regulated person because of the person's relationship with a licensed FTC doing trust business in Ohio, does not affect the relationship between the regulated person and the licensed FTC except as it relates to the conduct of the licensed FTC's trust business in Ohio.</p> <p>Defines "regulated person" in the context above to mean a director, officer, employee, or controlling shareholder of or agent for the licensed FTC or a person who participates in the management of the licensed FTC, whether or not</p>

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		the person is assigned to an office of the licensed FTC in Ohio or specifically to the licensed FTC's trust business in Ohio ( <i>R.C. 1112.20(B)</i> ).
<b>Reports for licensed FTC</b>	No provision.	Requires a licensed FTC to file with the Superintendent any report the Superintendent may require, in the form and manner and containing the information prescribed by the Superintendent ( <i>R.C. 1112.21</i> ).
<b>Confidential information</b>	<p>Requires the specified information in the bill to remain confidential for all purposes, except for the listed exceptions (<i>R.C. 1112.28(A)</i>).</p> <p>Requires that any information disclosed under the bill to remain confidential, and prohibits the Superintendent from disclosing any confidential information to the general public (<i>R.C. 1112.28(B)(3) and (4)</i>).</p>	<p>Similar, but more specifically requires that the specified information to remain confidential and not discoverable from any source, and cannot be introduced into evidence, except for listed exceptions (<i>R.C. 1112.23(A) and (D)</i>).</p> <p>Similar, but states that any person who receives privileged and confidential information is subject to the requirements under the bill, and a person knowing the information is privileged and confidential cannot purposely divulge the information in any manner. A violation of this provision is a fourth degree felony. (<i>R.C. 1112.23(B) and 1112.99.</i>)</p>
<b>Exceptions to the confidentiality requirement</b>	<p>Includes an exception to the confidentiality requirement when, in the opinion of the Superintendent, the interests of the public outweighs the interests of the person about whom the information pertains (<i>R.C. 1112.28(B)(1)(c)</i>).</p> <p>No provision.</p>	<p>No provision.</p> <p>Establishes that if discoverable because the information falls into one of the listed exceptions, the discovery is limited to information that directly</p>



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<p><b>Superintendent and disclosure of confidential information procedures</b></p>	<p>Requires the Superintendent, when intending to disclose confidential information under its authority, to provide, in writing, at least 10 days prior to notice of disclosure to the FTC. If the FTC objects to the disclosure, it can dispute it in a hearing. The Superintendent cannot disclose the information prior to the conclusion of the hearing and a ruling. (R.C. 1112.28(B)(2).)</p> <p>No provision.</p> <p>Permits the Superintendent to share information with other governmental agencies with which the Division of Financial Institutions has entered into a sharing agreement.</p> <p>Permits any Ohio agency to gain access to otherwise confidential records in accordance with any applicable law. (R.C. 1112.28(C).)</p>	<p>relates to the FTC that is the subject of the enforcement action or litigation (R.C. 1112.23(E)).</p> <p>No provision.</p> <p>Prohibits the Superintendent or any agent or employee of the Superintendent from purposely making or causing to be made any false statements or reports regarding the affairs or condition of an FTC (R.C. 1112.23(C)).</p> <p>No provision.</p> <p>No provision.</p>



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<b>Discontinuing business for licensed FTC</b>	Requires that if a licensed FTC desires to discontinue its business as an FTC, it must provide to the Superintendent evidence of its release and discharge from all of the obligations and trusts that it has assumed or that have been imposed by law. If the Superintendent is satisfied, the Superintendent is to enter an order canceling the FTC license. <i>(R.C. 1112.24.)</i>	<p>Instead requires that, in order for a licensed FTC to cease doing trust businesses and voluntarily surrender its license, it must obtain consent of the Superintendent, and it must submit to the Superintendent both of the following:</p> <p>(1) A certified copy of the resolution of the licensed FTC's board of directors reflecting the board's decision that the trust company should cease doing trust business in Ohio and adopting a plan for winding up its trust business in Ohio; and</p> <p>(2) The FTC's plan for winding up its trust business in Ohio.</p> <p>Permits the Superintendent to approve or deny the FTC's plan for winding up its business in Ohio based on the Superintendent's evaluation of whether the plan provides adequate protection for those persons and interests the FTC serves as a fiduciary or for any other reason the Superintendent determines appropriate. <i>(R.C. 1112.17(A), (B), and (C).)</i></p>
<b>Winding up process</b>	No provision.	<p>Permits the Superintendent to retain authority of supervising the FTC while it is winding up its trust business.</p> <p>Authorizes the Superintendent, if the Superintendent has reason to conclude that the licensed FTC is not safely or expeditiously implementing the approved plan for winding up its trust business, to do either of the following:</p>

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<p><b>Superintendent's affirmative obligation to cancel FTC license</b></p>	<p>No provision.</p>	<p>(1) Begin revocation proceedings;</p> <p>(2) Take possession of the FTC in the same manner, with the same effect, and subject to the same rights accorded to the trust company under the bill's revocation provisions. <i>(R.C. 1112.17(D) and (E).)</i></p> <p>Requires the Superintendent to cancel the FTC license to do trust business in Ohio if the Superintendent has approved the FTC's plan for winding up its businesses and, when applicable, the licensed FTC has met all of the following:</p> <p>(1) It has completed its plan for winding up its trust business in Ohio consistent with any conditions imposed by the Superintendent in approving the plan;</p> <p>(2) It has been relieved in accordance with the law of all duties as any type of fiduciary under any appointment the trust company had accepted;</p> <p>(3) It has properly wound up its trust business in each of the other jurisdictions in which it solicited appointment or served as a fiduciary or engaged in trust business.</p> <p>Prohibits the FTC from engaging in trust business in Ohio after the Superintendent cancels the FTC's license, unless the FTC obtains another license from the Superintendent. <i>(R.C. 1112.17(F) and (G).)</i></p>

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<b>License revocation</b>	<p>Permits the Superintendent to revoke a license issued under the bill if, after notice and an opportunity for hearing in accordance with the Administrative Procedure Act, the Superintendent finds either of the following:</p> <p>(1) An officer or director of, or any manager or family member acting in a managerial capacity for, the licensed FTC has failed to comply with any of the bill's provisions.</p> <p>(2) The licensed FTC, or any person authorized to act on its behalf, refuses to allow the Superintendent to inspect all books, records, papers, and effects related to the FTC's business (R.C. 1112.29).</p> <p>No provision.</p>	<p>Same, but requires that the hearing not be open to the public (R.C. 1112.24).</p> <p>Permits the Superintendent to revoke an FTC license to do trust business in Ohio, if the Superintendent determines, after notice and opportunity for hearing under the Financial Institutions Administrative Procedures Law, that any of the following factors are true:</p> <p>(1) The existence of the FTC, or its authority to transact business, has been terminated or suspended under the jurisdiction in which the FTC is incorporated;</p> <p>(2) The FTC's authority to engage in trust business has been terminated or suspended under the laws of any other jurisdiction in which the FTC had been licensed to engage in trust business;</p>



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		<p>(3) A receiver, liquidator, or conservator has been appointed for the FTC by the jurisdiction in which the FTC is incorporated or for its business in any other jurisdiction in which the FTC transacts business;</p> <p>(4) The FTC is violating or has violated, or the Superintendent has reasonable cause to believe the FTC is about to violate, any of the following: (a) a law or rule, (b) a condition imposed by the Superintendent in writing in connection with approving an application or notice or granting any other request of the FTC, (c) a written agreement the FTC entered into with the Superintendent, or (d) a cease and desist order issued by the Superintendent;</p> <p>(5) The FTC is engaging or has engaged or the Superintendent has reasonable cause to believe the FTC is about to engage, in any unsafe or unsound practice;</p> <p>(6) The FTC has ceased to pay its debts in the ordinary course of business, is incapable or paying its debts as they mature, has liabilities in excess of its assets, or is subject to or has applied for an adjudication in bankruptcy, reorganization, or other relief under any bankruptcy, reorganization, insolvency, or moratorium law;</p> <p>(7) The FTC has ceased or failed to conduct trust business in Ohio; or</p> <p>(8) The FTC has failed to pay any fees, charges,</p>



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<b>Suspension order</b>	No provision.	<p>forfeitures, or penalties assessed under the Banking Laws (<i>R.C. 1112.25(A)</i>).</p> <p>Permits the Superintendent, if the Superintendent has reasonable cause to believe any of the listed factors above are true, and the Superintendent determines it is necessary to protect the persons and interests in Ohio that the FTC serves as a fiduciary or the property in Ohio the FTC holds title to or an interest in a fiduciary, to immediately suspend the FTC license to do trust business in Ohio (<i>R.C. 1112.25(B)(1)</i>).</p>
<b>Injunction pending revocation hearing</b>	No provision.	<p>Permits the FTC to, within 10 days after being served the Superintendent's suspension order, apply to an appropriate court for an injunction setting aside, limiting, or suspending the suspension order pending an opportunity for hearing on whether the FTC's license should be revoked (<i>R.C. 1112.25(B)(2)</i>).</p>
<b>Liquidation Possession of FTC by Superintendent</b>	No provision.	<p>If the Superintendent revokes an FTC license in Ohio pursuant to the Trust Company Law, permits the Superintendent to take possession of the FTC's trust business in Ohio and to appoint a receiver for the liquidation of the trust business in Ohio.</p> <p>Permits the Superintendent to take possession of the FTC, and appoint a receiver for the liquidation of its entire trust business wherever it is conducted, if the FTC has its principal place of business in Ohio. (<i>R.C. 1112.26(A)</i>.)</p>



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	No provision.	Establishes that if the Superintendent appoints a receiver for the liquidation, after payment of the expenses of the liquidation and claims against the FTC arising from its doing trust business in Ohio, the receiver must distribute any remaining funds from the liquidation of the FTC trust business in Ohio to the receiver for liquidation of the FTC's trust business in another state or for conducting a liquidation of all or part of the FTC's trust business under federal law, or equitably among the receivers if the FTC's trust business is being liquidated under the laws of more than one other state or the U.S., for payment of the expenses of liquidation and claims against the FTC's trust business.
<b>Liquidation of funds</b>	No provision.	Requires that, if there is no liquidation of the FTC's trust business under way in any other state or under laws of the U.S., the receiver must, after rejecting or ratifying and assigning an executor contract to which the bank is a party, pay any remaining funds from the liquidation of the FTC trust business in Ohio to the FTC. (R.C. 1112.26(B)(1).)
<b>Court order declaring FTC is properly wound up</b>	No provision.	Requires that when the receiver has completed the liquidation of the FTC trust business in Ohio, the receiver must, with notice to the Superintendent, petition the court for an order declaring the FTC trust business in Ohio is properly wound up. (The order, however, can only state that the FTC's trust business in Ohio has been properly wound up and cannot declare



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<b>Procedures after court order declaring FTC is properly wound up</b>	No provision.	<p>that the FTC is dissolved.) The court is permitted to also make additional orders and grant whatever additional relief the court determines is proper. (R.C. 1112.26(B)(2).)</p> <p>Requires that once a court has declared the FTC's trust business in Ohio is properly wound up, the FTC must stop engaging in trust business in Ohio, except for any further winding up, and if the FTC has its principal place of business in Ohio, stop engaging in trust business in any jurisdiction.</p>
<b>Liquidation procedures for FTC that is a bank</b>	No provision.	<p>Requires the receiver to promptly file, with both the Secretary of State and the Superintendent, a copy of the order, certified by the clerk of the court. (R.C. 1112.26(B)(2)(a) and (b).)</p> <p>Establishes additional liquidation procedures if the FTC is a bank doing business under authority granted by the Superintendent:</p> <p>(1) If the FTC is being liquidated under the Banking Liquidation Law, the FTC's trust business must also be liquidated, even if there would not be independent grounds for liquidation of the trust business under the bill.</p> <p>(2) If the FTC's trust business is being liquidated under the bill and the company as a whole is being liquidated under the Banking Liquidation</p>



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		<p>Law, the liquidations must be merged.</p> <p>(3) If the FTC is not authorized to engage in any business other than trust business, its liquidation must be of the company as a whole, conducted under the Banking Liquidation Law, and completed by the dissolution of the trust company.</p> <p><i>(R.C. 1112.26(C).)</i></p>
<b>Fines deposited into Banks Fund</b>	Requires all fines collected by the Superintendent be deposited into the existing Banks Fund <i>(R.C. 1121.30)</i> .	No provision.

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