

HOUSE BILL No. 2554

By Committee on Financial Institutions and Rural Development

1-25

1 AN ACT concerning financial institutions; relating to the technology-
2 enabled fiduciary financial institutions act; pertaining to the pilot
3 program; converting the conditional charter to a full fiduciary financial
4 institution charter; amending K.S.A. 2021 Supp. 9-2325 and repealing
5 the existing section.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 2021 Supp. 9-2325 is hereby amended to read as
9 follows: 9-2325. (a) On July 1, 2021, the commissioner shall:

10 (1) Grant a conditional fiduciary financial institution charter to the
11 Beneficient company upon the Beneficient company:

12 (A) Filing an application with the commissioner;

13 (B) satisfying the requirements of K.S.A. 2021 Supp. 9-2302(c)(1)
14 through (5), and amendments thereto;

15 (C) satisfying the requirements of K.S.A. 2021 Supp. 9-2302(f), and
16 amendments thereto; and

17 (D) satisfying the capital requirements imposed under K.S.A. 2021
18 Supp. 9-2305, and amendments thereto; and

19 (2) designate a community within Harvey county, as selected by
20 Beneficient fiduciary financial institution, as the first economic growth
21 zone.

22 (b) On July 1, 2021, the commissioner shall establish a fidfin
23 fiduciary financial institution pilot program that:

24 (1) Includes the Beneficient company as a participant in such pilot
25 program;

26 (2) assesses the Beneficient company an initial fee of \$1,000,000 in
27 lieu of the initial fee provided in K.S.A. 2021 Supp. 9-2303, and
28 amendments thereto; and

29 (3) imposes a requirement for the Beneficient company to distribute,
30 cause to be distributed or otherwise facilitate a distribution of cash,
31 beneficial interests or other assets having an aggregate value of \$9,000,000
32 in accordance with the requirements of K.S.A. 2021 Supp. 9-2302(i), and
33 amendments thereto, and such amount shall be construed as the applicable
34 distribution amount for purposes of K.S.A. 2021 Supp. 9-2302, and
35 amendments thereto.

36 (c) Except as provided by subsection (d), upon issuance of the

1 conditional fiduciary financial institution charter, the Beneficient company
2 shall be subject to all requirements imposed on fiduciary financial
3 institutions under this act but may not commence fidfin transactions,
4 custodial services or trust business in this state until the earlier of:

5 (1) December 31, 2021; or

6 (2) the date the commissioner adopts rules and regulations pursuant
7 to K.S.A. 2021 Supp. 9-2322, and amendments thereto.

8 (d) *(1) On December 31, 2021, the conditional charter granted under*
9 *this section to the Beneficient company shall be converted to a full*
10 *fiduciary financial institution charter.*

11 (2) The commissioner may extend the period that the Beneficient
12 company may not commence fidfin transactions, custodial services or trust
13 business in this state for a period not to exceed six months from the date
14 specified in subsection (c) if the commissioner submits a report to the
15 senate financial institutions and insurance committee and to the house of
16 representatives financial institutions and rural development committee
17 identifying the specific reasons for which such extension is necessary.
18 Such report shall be submitted on or before January 10, 2022.
19 Notwithstanding the provisions of this subsection, the Beneficient
20 company may satisfy the applicable distribution requirement of K.S.A.
21 2021 Supp. 9-2302(i), and amendments thereto, and the required
22 distribution amount in K.S.A. 2021 Supp. 9-2311(f), and amendments
23 thereto, by placing assets in escrow with one or more qualified charities,
24 except that such funds shall be released when the Beneficient company is
25 permitted to commence fidfin transactions, custodial services or trust
26 business.

27 (e) On or before January 10, 2022, the office of the state bank
28 commissioner shall provide a report to the house of representatives
29 financial institutions and rural development committee and the senate
30 financial institutions and insurance committee updating such committees
31 on the progress of such pilot program. Such report shall include
32 recommendations from the office of the state bank commissioner for any
33 legislation necessary to implement the provisions of this act.

34 Sec. 2. K.S.A. 2021 Supp. 9-2325 is hereby repealed.

35 Sec. 3. This act shall take effect and be in force from and after its
36 publication in the Kansas register.