

SENATE BILL No. 337

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

Be it enacted by the Legislature of the State of Kansas:

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

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

(A) Filing an application with the commissioner;

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

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

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

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

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

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

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

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

(c) Except as provided by subsection (d), upon issuance of the conditional fiduciary financial institution charter, the Beneficient company shall be subject to all requirements imposed on fiduciary financial institutions under this act but may not commence fidfin transactions, custodial services or trust business in this state until the earlier of:

(1) December 31, 2021; or

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

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

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

except that such funds shall be released when the Beneficient company is permitted to commence fidfin transactions, custodial services or trust business.

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

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

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

I hereby certify that the above BILL originated in the SENATE, and passed that body

President of the Senate.

Secretary of the Senate.

Passed the HOUSE _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.