

## **IC 28-14-5**

### **Chapter 5. Investments of Corporate Fiduciaries**

#### **IC 28-14-5-1**

##### **"Total equity capital"**

Sec. 1. As used in this chapter, "total equity capital" means unimpaired capital stock, unimpaired surplus, unimpaired undivided profits, and subordinated debt.

*As added by P.L.262-1995, SEC.90.*

#### **IC 28-14-5-2**

##### **Limitations on dealing in investment securities**

Sec. 2. Except as otherwise provided in this article, the business of dealing in investment securities by a corporate fiduciary is limited to purchasing and selling securities without recourse, solely upon the order and for the account of customers and not for its own account.

*As added by P.L.262-1995, SEC.90.*

#### **IC 28-14-5-3**

##### **Underwriting or guarantee of issue of securities**

Sec. 3. A corporate fiduciary may not underwrite or guarantee all or any part of an issue of securities other than obligations issued or guaranteed by or on behalf of:

- (1) the state;
- (2) a political subdivision of the state; or
- (3) an agency or instrumentality of the state.

*As added by P.L.262-1995, SEC.90.*

#### **IC 28-14-5-4**

##### **Purchase for own account and sale of investment securities**

Sec. 4. (a) A corporate fiduciary may purchase for its own account and sell investment securities under the limitations and restrictions the department prescribes by rule or policy. However, the total amount of the investment securities of any one (1) obligor or maker purchased or held by a corporate fiduciary for its own account shall not at any time exceed ten percent (10%) of the amount of the total equity capital of the corporate fiduciary.

(b) The limitations imposed by subsection (a) do not apply to:

- (1) the direct or indirect obligations of the United States; or
- (2) the direct obligations of:
  - (A) a United States territory or insular possession;
  - (B) the state of Indiana; or
  - (C) any municipal corporation or taxing district in Indiana.

*As added by P.L.262-1995, SEC.90.*

#### **IC 28-14-5-5**

##### **Purchase for own account and sale of shares of investment companies and mortgage backed securities**

Sec. 5. A corporate fiduciary may purchase for its own account and sell:

- (1) shares of investment companies, the portfolios of which consist solely of securities that are eligible for purchase and sale by national banking associations; and
- (2) mortgage backed securities that are eligible for purchase and sale by national banking associations, only to the extent that a national banking association can purchase and sell mortgage backed securities.

*As added by P.L.262-1995, SEC.90.*

#### **IC 28-14-5-6**

##### **Deposit of funds by corporate fiduciaries**

Sec. 6. A corporate fiduciary may deposit funds into accounts, and in amounts, that are federally insured. A credit union service organization established as a corporate fiduciary under IC 28-14-3-24 may deposit its funds in the credit union or credit unions that control the credit union service organization.

*As added by P.L.262-1995, SEC.90. Amended by P.L.35-2010, SEC.205.*

#### **IC 28-14-5-6.5**

##### **Purchase of speculative securities or securities not rated by a generally recognized security rating service**

Sec. 6.5. (a) A corporate fiduciary may not purchase for its own account any bond, note, or other evidence of indebtedness that is commonly designated as a security that is speculative in character or that has speculative characteristics. For the purposes of this subsection, a security is speculative or has speculative characteristics if at the time of purchase the security:

- (1) is rated below the first four (4) rating classes by a generally recognized security rating service;
- (2) is in default; or
- (3) is otherwise considered speculative by the director.

(b) A corporate fiduciary may purchase for its own account a security that is not rated by a generally recognized security rating service if:

- (1) the corporate fiduciary at the time of purchase obtains financial information that is adequate to document the investment quality of the security; and
- (2) the security is not otherwise considered speculative by the director.

*As added by P.L.176-1996, SEC.32. Amended by P.L.89-2011, SEC.72.*

#### **IC 28-14-5-7**

##### **Prohibition on purchases of stock of nonsubsidiaries**

Sec. 7. Except as otherwise authorized by this title, a corporate fiduciary may not purchase any share of stock of a corporation that is not a subsidiary of the corporate fiduciary.

*As added by P.L.262-1995, SEC.90.*

### **IC 28-14-5-8**

#### **Investment in casualty insurance company**

Sec. 8. (a) Notwithstanding any other provision of this article, a corporate fiduciary may invest in a casualty insurance company organized solely for the purpose of insuring:

- (1) banks;
- (2) corporate fiduciaries;
- (3) trust companies; and
- (4) bank holding companies and their officers and directors;

from and against liabilities, including those covered by bankers' blanket bonds and director and officer liability insurance and other public liability insurance.

(b) Investments made under subsection (a) must take the form of:

- (1) the purchase for the corporate fiduciary's own account of:
  - (A) shares of stock of the casualty insurance company; or
  - (B) shares of stock of an association of banks organized for the purpose of funding the casualty insurance company; or
- (2) loans to an association of banks referred to in subdivision (1)(B).

(c) The total investment of a corporate fiduciary under subsection (a) may not exceed five percent (5%) of the capital and surplus of the corporate fiduciary.

*As added by P.L.262-1995, SEC.90.*

### **IC 28-14-5-9**

#### **"Investment security"**

Sec. 9. The rules or policies adopted by the department under IC 28-14-8 may define the term "investment security" for the purposes of this chapter.

*As added by P.L.262-1995, SEC.90.*

### **IC 28-14-5-10**

#### **Purchase records**

Sec. 10. A corporate fiduciary that purchases a security for its own account shall maintain sufficient records of the security to allow the security to be properly identified by the department for examination purposes.

*As added by P.L.176-1996, SEC.33.*