GOVERNOR OF MISSOURI

JEFFERSON CITY

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JEREMIAH W. (JAY) NIXON
GOVERNOR

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July 7, 2015

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for House Bill No. 1098 entitled:

AN ACT:

To repeal section 362.600, RSMo, and to enact in lieu thereof one new section relating to trust companies.

I disapprove of Senate Committee Substitute for House Bill No. 1098. My reasons for disapproval are as follows:

Senate Committee Substitute for House Bill No. 1098 makes changes to the operational parameters and reciprocity criteria applicable to out-of-state trust companies seeking to conduct business in Missouri. The legislation would permit out-of-state trust companies to operate in Missouri under more favorable rules than those applicable to Missouri-based trust companies. While the changes contained in Senate Committee Substitute for House Bill No. 1098 may have been motivated by a desire to provide Missouri-chartered trust companies greater reciprocity opportunities in other states, it would accomplish this by lowering capital requirements for out-of-state trust companies wishing to operate in Missouri. This legislation is a step backwards for Missouri and does not receive my approval.

Missouri chartered non-depository trust companies must satisfy a one million dollar capital requirement. The same capital requirement is applicable to non-depository trust companies chartered in a different state seeking reciprocity to operate in Missouri. This capital threshold provides a measure of the entity's financial stability and protection to its customers in the event of a breach of the trust company's fiduciary obligations. Although Missouri's one million dollar minimum capital requirement is less than the national average, it is nevertheless higher than some of our neighboring states including Kansas, which has only a $500,000 capital requirement – one of the lowest amounts in the nation.

Senate Committee Substitute for House Bill No. 1098 would allow Missouri regulators to accept a lower capital requirement from non-depository trust companies chartered in states that impose

capital requirements below Missouri's statutory limit. This provision would permit less capitalized out-of-state entities to conduct business in Missouri under more lenient standards than those imposed on Missouri-based trust companies. While the impetus behind this provision might have been to assist Missouri chartered trust companies to more easily gain reciprocity in other states, this should not be accomplished by lowering our standards and financial protections.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for House Bill No. 1098 without my approval.

Respectfully submitted,

Jeremiah W. (Jay) Nixon
Governor