

Sec. 36a-428c-1. Definitions

The definitions contained in section 36a-2 of the general statutes shall govern the interpretation of sections 36a-428-1 to 36a-428n-1, inclusive, of the Regulations of Connecticut State Agencies. In addition thereto and except as otherwise required by context, as used in sections 36a-428-1 to 36a-428n-1, inclusive, of the Regulations of Connecticut State Agencies:

(a) “Adjusted liabilities” means all liabilities of a foreign bank appearing in the books, accounts and records of its licensed state agencies and licensed state branches as liabilities of such agencies and branches, including acceptances and such other liabilities, including contingent liabilities, as the commissioner shall determine, but excluding amounts due and other liabilities to other offices, agencies, branches and affiliates of such foreign bank, including unremitted profits.

(b) “Deposit assets” means:

(1) United States dollar deposits payable in the United States, other than certificates of deposit;

(2) bonds, notes, debentures, or other obligations of the United States, or any agency or instrumentality thereof, or guaranteed by the United States, or of this state or of a county, city, town, village, school district, or instrumentality of this state or guaranteed by this state;

(3) bonds, notes, debentures or other obligations issued by the Federal Home Loan Mortgage Corporation and by the Federal National Mortgage Corporation;

(4) commercial paper payable in dollars in the United States, provided such paper is rated in one of the three highest rating categories by a rating service recognized by the commissioner. In the event that an issue of commercial paper is rated by more than one recognized rating service, it shall be rated in one of the three highest rating categories by each such rating service;

(5) negotiable certificates of deposit that are payable in the United States and issued by: (A) an unaffiliated bank or out-of-state bank other than a foreign bank, or (B) a domestic office of an unaffiliated foreign bank, provided such certificates of deposit are of equal rank with other senior liabilities of the foreign bank and are not subordinated in payment to any other liabilities of the foreign bank;

(6) bankers’ acceptances that are payable in the United States and issued by: (A) an unaffiliated bank or out-of-state bank other than a foreign bank, or (B) a domestic office of an unaffiliated foreign bank, provided such bankers’ acceptances are of equal rank with other senior liabilities of the foreign bank and are not subordinated in payment to any other liabilities of the foreign bank and the method and manner of repayment is reflected in such bankers’ acceptances;

(7) reserves held at a Federal Reserve Bank; and

(8) such other assets as determined by the commissioner upon written application. If the commissioner determines that an asset which otherwise qualifies under this section shall be valued at less than the amount otherwise provided in this section, the commissioner shall so notify the foreign bank which shall thereafter value such asset as directed by the commissioner.

(c) “Depository” means a Connecticut bank, federal bank, or the Federal Reserve Bank of New York or Boston.

(d) “Eligible assets” means any assets payable in the United States, or in United States funds, or with the prior approval of the commissioner, in funds freely convertible into United States funds, reduced by the amount of any specifically allocated reserves established on the books in connection with such assets, held in this state and recorded on the general ledger of a licensed state branch and licensed state agency of the foreign bank, subject to the following:

(1) marketable debt securities shall be allowed at their principal amount or market value, whichever is lower;

(2) restructured foreign debt bonds backed by United States Treasury obligations commonly known as “Brady Bonds”, whether carried on the books of the licensed state branch or licensed state agency as loans or securities, shall be allowed at their book value or market value, whichever is lower;

(3) equity securities shall be ineligible;

(4) the balance from time to time of any assets classified loss, doubtful or substandard at the preceding examination by the commissioner, any other regulatory agency, outside accountants or the bank’s internal loan review staff, shall be ineligible to the extent of one hundred per cent, fifty per cent and twenty per cent, respectively. Assets classified value impaired shall be ineligible to the extent of one hundred per cent of the amount of allocated transfer risk reserve which would be required by the appropriate federal banking regulatory agency for such exposure at a domestically chartered bank and twenty per cent of any residual exposure. For assets classified at the preceding examination by the commissioner or any other regulatory agency, if the deficiency or defect giving rise to the classification shall be removed subsequent to the examination, the department shall, upon written request supported by appropriate documentation, reconsider the classification;

(5) accrued income on assets classified loss, doubtful, substandard or value impaired shall be ineligible;

(6) the balance from time to time of any other asset or asset category disallowed at the preceding examination or by direction of the commissioner for any other reason shall be treated as ineligible until the underlying reasons for the disallowance have been removed;

(7) all amounts due from the home office, other offices and affiliates, including income accrued but uncollected on such amounts, shall be ineligible, except that with the commissioner’s prior approval, all amounts due from other offices located within the United States shall be considered eligible;

(8) precious metals shall be considered eligible to the extent of seventy-five per cent of the market value;

(9) prepaid expenses and unamortized costs, furniture and fixtures and leasehold improvements shall be ineligible;

(10) real estate located in this state and carried on the accounting records as an asset shall be considered eligible at net book value or appraised value, whichever is less.

(e) “FRB” means board of governors of the federal reserve system.

(f) “Licensed state agency” means a state agency of a foreign bank licensed pursuant to section 36a-428a of the general statutes.

(g) “Licensed state branch” means a state branch of a foreign bank licensed pursuant to section 36a-428a of the general statutes.

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(h) “Licensed representative office” means a representative office of a foreign bank licensed pursuant to section 36a-428g of the general statutes.

(i) “ROCA” means risk management, operation controls, compliance and asset quality, the rating system used by the FRB, the Office of the Comptroller of the Currency and state banking regulatory authorities to assess the condition of a branch or agency, or a commercial lending subsidiary of a foreign bank in the United States; and

(j) “SOSA” means strength of support assessment, the rating system used by the FRB to assess a foreign bank’s ability to provide financial, liquidity and management support to its United States operations.

(Adopted effective December 23, 1997; Amended September 6, 2002)