



700 S. W. Jackson
Suite 300
Topeka, KS 66603-3796

Office of the State
Bank Commissioner

Phone: (785) 380-3939
Fax: (785) 371-1229
www.osbckansas.org

David L. Herndon, Bank Commissioner

Laura Kelly, Governor

**Testimony to the House Financial Institutions
& Rural Development Committee
HB 2554 & SB 337
February 2, 2022**

Chairman Kelly and Members of the Committee, thank you for hearing our bills, HB 2554 and SB 337.

These identical bills represent the discussions from the Joint Committee on TEFFI Oversight, which occurred December 7, 2021. Committee members specified at that meeting that their intent with last session's TEFFI bill was that the date to begin transacting business in the state of Kansas would be December 31, 2021. Therefore, these bills amend the law to clarify that intent. Each of the bills contains this singular edit on page 2.

The Office of the State Bank Commissioner did in fact issue Beneficient—the sole TEFFI in the pilot program—its certificate to transact business on December 30, 2021, with authority to begin business December 31, 2021.

It was our opinion when reading last year's legislation that the law did not clearly provide for the December 31st authorization date, and we would prefer to clarify the law to provide us protections. We also believe a clear statement in the law provides protections to Beneficient, too.

I am happy to answer any questions. I appreciate the committee's support of the bill.

Matthew L. Shoger
Staff Attorney
Matt.Shoger@osbckansas.org
785-379-6568

Attachment: Joint Committee Annual Report, Conclusions/Recommendations Page

Joint Committee on Fiduciary Financial Institutions Oversight

ANNUAL REPORT

Conclusions and Recommendations

The Joint Committee on Fiduciary Financial Institutions Oversight submits the following comments and recommendations:

- **Legislative intent.** On the subject of legislative intent, the Committee recommends and clearly states, that a permanent charter be issued no later than December 31, 2021, so that practical actions can be taken with the FidFin Fiduciary Financial Institution Pilot Program and other requirements. Addressing such actions would allow requirements and processes associated with the Technology-enabled Fiduciary Financial Institutions Act, including those items that remain at the discretion of the Commissioner (e.g., promulgation of agency rules and regulations and the timing of the examination and conclusion of the pilot program), to move forward.
- **Legislative proposal from the State Bank Commissioner.** The Committee recommends the draft legislation presented by the OSBC be introduced during the 2022 Session by the respective House and Senate financial institutions standing committees.

The Committee further recommends its report be submitted to the House Committee on Financial Institutions and Rural Development and the Senate Committee on Financial Institutions and Insurance to permit review and consideration of 2021 Senate Sub. for HB 2074 (Law) and its implementation.

Proposed Legislation: None.

BACKGROUND

The Joint Committee on Fiduciary Financial Institutions Oversight (Committee) was established by the enactment of 2021 Senate Sub. for HB 2074, Section 29, codified at KSA 2021 Supp. 46-4001. This nine-member joint committee is required to:

- Monitor, review, and make recommendations regarding fiduciary financial institutions' operations in the state of Kansas;
- Monitor, review, and make recommendations regarding the FidFin

Fiduciary Institution Pilot Program (pilot program); and

- Receive a report from the Office of the State Bank Commissioner (OSBC) prior to December 31, 2021, that provides an update on the implementation of the Technology-enabled Fiduciary Financial Institutions Act (TEFFI Act) and pilot program. The bill required the report to include recommendations from the OSBC for any legislation necessary to implement the provisions of the TEFFI Act.