

WAC 208-512-116 Investment securities—Investment in investment companies. A bank may invest in shares of an investment company provided that all of the following conditions are met:

(1) The investment company must be registered with Securities and Exchange Commission under the Investment Company Act of 1940 and the Securities Act of 1933 or be a privately offered fund sponsored by an affiliated commercial bank.

(2) The shareholder has a fair and equal proportionate undivided interest in the underlying assets of the investment company calculated pursuant to the Investment Company Act of 1940.

(3) When an investment company's assets consist solely of and are expressly limited to obligations that are eligible for unlimited investment (Type I) as described in WAC 208-512-100, there is no limit on the bank's investment. However, where the investment company's portfolio contains, or is permitted to contain, investment securities subject to the bank's investment or lending limitations, investment by the bank shall be subject to a twenty percent of capital and surplus limitation.

(4) The shareholders are protected against personal liability for acts or obligations of the investment company.

(5) The bank's investment policy, as formally approved by its board of directors, specifically provides for such investments; prior approval of the board of directors is obtained for initial investments in specific investment companies and recorded in the official board minutes; and procedures, standards, and controls for managing such investments are implemented prior to acquiring these investments.

(6) If the investment company makes use of futures, forwards, options, repurchase agreements and securities lending arrangements, their use must be consistent with standards adopted for use of such instruments in the bank's portfolio.

(7) Regulatory reporting of holdings in investment companies is consistent with established standards for marketable investment securities.

[Statutory Authority: RCW 43.320.040, 43.320.050, 30A.04.030, 30A.12.060, 30A.04.140, 30A.04.210, 30A.04.212, 30A.60.010 - [30A.60.]901, 30A.08.140, 30A.08.150, 30A.04.125 and section 939A of the Dodd-Frank Act. WSR 17-24-053, § 208-512-116, filed 12/1/17, effective 1/1/18. Statutory Authority: RCW 30.04.030 and 43.320.040. WSR 01-06-024, § 208-512-116, filed 2/27/01, effective 3/30/01; WSR 00-17-141, recodified as § 208-512-116, filed 8/22/00, effective 9/22/00. Statutory Authority: RCW 30.08.140(7). WSR 92-04-027, § 50-12-116, filed 1/28/92, effective 2/28/92. Statutory Authority: RCW 30.08.140. WSR 87-20-036 (Order 70), § 50-12-116, filed 9/30/87.]