

04 NCAC 03D .0302 ADMINISTRATION OF TRUST BUSINESS

(a) A state trust entity shall conduct its trust business separate and apart from any other business it conducts. A state trust entity may, however, utilize personnel and facilities of other departments of the state trust entity and other departments of the state trust entity may utilize its trust personnel and facilities to the extent not prohibited by law.

(b) Board of Directors

(1) The trust business of a state trust entity shall be managed by or under the direction of its board of directors. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of the state trust entity's trust business as it may consider proper to assign to such director(s), officer(s), or employee(s), who are qualified and competent to administer trust business, and it may designate and appoint such committees of director(s) or officer(s) as it deems advisable to supervise the trust business.

(2) No trust business shall be accepted without the prior approval of the board of directors, or of the director(s), officer(s), or committee(s) to whom the board of directors may have designated the performance of that responsibility. A written record shall be made of such acceptances and of the relinquishment or closing out of each account. Upon the acceptance of an account for which the state trust entity has investment responsibility, a review of the assets shall be made. The board of directors shall also ensure that at least once during every calendar year thereafter, and within 15 months of the last review, all the assets held in each account that the state trust entity has investment responsibilities for are reviewed to determine the advisability of retaining or disposing of such assets.

(c) All officers and employees taking part in the administration of trust business shall be adequately bonded.

(d) Every state trust entity shall designate, employ, or retain competent legal counsel who shall be readily available to advise on the trust business it conducts.

(e) Negotiable and tangible assets held by the state trust entity in its own vaults shall be placed in the joint custody of at least two or more bonded officers or employees designated by the board of directors.

(f) Funds held by a state trust entity in a fiduciary capacity awaiting investment or distribution shall be invested, pursuant to the provisions of G.S. 53-163.1.

(g) Trust business investments by a state trust entity in its own depository accounts shall be secured in the manner and to the extent required by G.S. 53-163.1 and G.S. 53-163.3.

*History Note: Authority G.S. 53-163.1; 53-163.3; 53-356; 53-366; 53C-2-5; 53C-4-6;
Eff. February 1, 1976;*

Amended Eff. April 1, 2015; May 1, 1992; September 26, 1979;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.