



COLORADO

Department of
Regulatory Agencies

Division of Banking

February 20, 2025

BEFORE THE COLORADO STATE BANKING BOARD

IN THE MATTER OF)
)
RULE PROMULGATION,) **NOTICE OF PROPOSED RULEMAKING**
AMENDMENT and REPEAL)

I. Notice of hearing

PLEASE BE ADVISED THAT, as required by Section 24-4-103, C.R.S., of the State Administrative Procedures Act, the Colorado State Banking Board (Banking Board) hereby gives notice of proposed rulemaking. A **virtual and in-person** hearing is scheduled for April 17, 2025, commencing at 10:00 a.m. at 1560 Broadway, Room 100D, Denver, Colorado, 80202. The virtual hearing is available via the Zoom link listed below; the passcode is 832326:
<https://us06web.zoom.us/j/84181226499?pwd=bGNmdFcwOHo3d3hnekJhbIRDUIk1UT09>

II. Purpose of the proposed rulemaking

The purpose of the hearing is to hear comments concerning the proposed promulgation, amendment, and repeal of the following Banking Board Rules:

3 CCR 701-6 Trust Companies

- TC7 Generally Accepted Accounting Principles - **Amendment**
- TC9 Investment Limitations - **Amendment**
- TC19 Investment in a Subsidiary - **Amendment**
- TC29 Audit of Fiduciary Activities - **Promulgation**

3 CCR 701-1 Commercial Banks

- CB1.1 Scope - **Repeal**
- CB1.11 Application Documents Confidential - **Repeal**
- CB1.20 Decision and Order - **Repeal**
- CB101.7 Messenger Service - **Amendment**
- CB101.10 Fiduciary Self-Dealing - **Amendment**
- CB101.24 Agricultural Credit Corporations - **Amendment**



- CB101.31 Lease Financing - **Amendment**
- CB101.32 Activities That are Primarily Investments in Real Estate - **Amendment**
- CB101.37 Transactions With Affiliates and Loans to Executive Officers, Directors, and Principal Shareholders - **Amendment**
- CB101.40 Investment in Small Business Investment Companies - **Repeal**
- CB101.41 Investment in a Bank Service Corporation - **Amendment**
- CB101.42 Loans - **Amendment**
- CB101.44 Dividends - **Amendment**
- CB101.45 Generally Accepted Accounting Principles - **Amendment**
- CB101.46 Standards for Determining Value of Asset - **Repeal**
- CB101.47 Reports of New Executive Officers, Directors, and Persons in Control and Related Late Filing Penalty - **Amendment**
- CB101.48 Investment in Federal Home Loan Bank - **Repeal**
- CB101.52 Capital Standards - **Amendment**
- CB101.53 Loan Production Office - **Amendment**
- CB101.54 Branching Practices - **Amendment**
- CB101.55 Contractual Acceptance of Deposits - **Repeal**
- CB101.56 Investment in Tax Lien Sale Certificates of Purchases - **Repeal**
- CB101.58 Investment in a Subsidiary - **Amendment**
- CB101.59 Investment Powers - **Amendment**
- CB101.60 Investments in Community Development Projects and Other Public Welfare Investments - **Amendment**
- CB101.61 Appraisal of Other Real Estate - **Amendment**
- CB101.62 Pledging Assets - **Repeal**
- CB101.66 Frequency of Board Meetings - **Amendment**

3 CCR 701-10 Financial Institution Administrative Rules

- AR13 **Amendment**

The amendments are to clarify and update definitions, procedures, and requirements, incorporate by reference applicable code of federal code, and make grammatical and technical changes. The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

The repeals are to eliminate duplication of statute and relocate capital information to other rules.

A Statement of Basis, Purpose, and Specific Statutory Authority for each rule follows this notice and is incorporated by reference.

III. Statutory authority for proposed rulemaking

The proposed promulgation, amendments, and repeals of the rules are being held under the authority given the Banking Board by the Colorado Banking Code in accordance with Section 11-102-104(1), C.R.S., which states “the banking board is the policy-making and rule-making authority for the division of banking and has the power to: (a) make, modify, reverse, and vacate rules for the proper enforcement and administration of this code...”

IV. Opportunity to testify and submit written comments

Any interested person(s) has the right to submit written comments or data, view, or argument. Written information should be filed with the Division **no later than April 7, 2025**. To submit written comments, please contact Charles Siler, Banking Board Administrator, at

charles.siler@state.co.us. In addition, any interested person(s) has the right to make a virtual presentation at the Hearing, unless the Banking Board deems any oral presentation unnecessary.

SUBMITTED ON BEHALF OF THE
COLORADO STATE BANKING BOARD

A handwritten signature in black ink that reads "Ken Boldt". The signature is written in a cursive, slightly stylized font.

Ken Boldt, State Bank Commissioner



COLORADO
Department of
Regulatory Agencies
Division of Banking

February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB1.1
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 104
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB1.1 is found in Section 11-102-104 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to provide procedural guidelines for appearances and practices before the Colorado State Banking Board, as well as to outline substantive regulations that implement provisions of the Colorado Banking Code.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB1.1.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Rule 3 CCR 701-1 CB1.1 restates Section 11-102-104(1)(b) of the Colorado Revised Statutes and a standalone rule is unnecessary.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.





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STATE BANKING BOARD
3 CCR 701-1 CB1.11
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 305
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB1.11 is found in Section 11-102-305 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to ensure that applications and their exhibits are open to the public for review before a hearing. However, the Commissioner may keep Financial and Biographical Reports confidential if a request is made and good cause is demonstrated.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB1.11.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Section 11-102-305(1)(a)(II), C.R.S. grants access to certain application documents. Furthermore, the provisions in Sections 11-102-305(1)(a)(I) and (III), C.R.S. provides the Commissioner with sufficient discretion to protect sensitive information. Therefore, confidentiality is governed by statutory guidelines and a standalone, procedural rule is unnecessary.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-102-305. Records.





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STATE BANKING BOARD
3 CCR 701-1 CB1.20
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 102
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB1.20 is found in Section 11-102-102 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to ensure that copies of the Colorado State Banking Board's (Banking Board) decisions and orders are distributed to all relevant parties, including participants in the proceedings, state and federal supervisory authorities, and others as deemed necessary by the Commissioner.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB1.20.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Amended rule verbiage will be moved to Financial Institution Administrative Rules 3 CCR 701-10 AR13.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-102-102. Powers of commissioner.





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STATE BANKING BOARD
3 CCR 701-1 CB101.7
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 101(3)
TITLE 11, ARTICLE 105, SECTION 304(7)
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.7 is found in Section 11-105-101(3) and Section 11-105-304(7) of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this Rule is to define and set forth requirements pertaining to messenger service, a service, like a courier or armored car service, that state banks use to transport items related to transactions between the bank and its customers.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.7.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Make minor grammatical changes and include the statutory citations that allows banks to provide messenger services.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-101(3). Branch banks and practices prohibited.
- 11-105-304(7). Bank investments – customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.10
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 104
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.10 is found in Section 11-102-104 of the Colorado Revised Statutes.

Purpose of this Rulemaking

Transactions between related parties and interests of a state bank and its fiduciary accounts represent self-dealing and are prohibited except under very limited circumstances. The purpose of this rule outlines those circumstances.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.10.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Broaden the scope of law applicable to a bank's investment of funds of fiduciary accounts when the bank has investment discretion authority over the fiduciary accounts.
- Clarify who should be included as prohibited parties.
- Broaden the scope of law applicable to a bank's selling of assets between fiduciary accounts.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.





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STATE BANKING BOARD
3 CCR 701-1 CB101.24
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.24 is found in Section 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to allow and set forth the requirements of investment in an agricultural credit corporation by a state bank.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.24.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Align the rule with the federal standards through the incorporation by reference the following applicable code of federal regulation:
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter I - Comptroller of the Currency, Department of the Treasury Part 5 Rules, Policies, and Procedures for Corporate Activities Subpart C Expansion of Activities § 5.36 Other equity investments by a national bank (d) Procedure (1) (i) An agricultural credit corporation.
- The current rule requires an application and prior approval by the Banking Board, while the federal regulation requires notification within 10 days after making an investment. Therefore, all notifications required under this amended rule, must be submitted to the Division.
- Any references to "National Bank" in the incorporated federal regulations shall be interpreted to mean "Colorado State-Chartered Commercial Bank."

The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.31
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 104
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.31 is found in Section 11-102-104 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to provide the authority, limitations, and restrictions pertaining to lease financing.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.31.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Make technical updates to titles and the Division's address.

Rulemaking Authority

11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.





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STATE BANKING BOARD
3 CCR 701-1 CB101.32
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.32 is found in Section 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of the rule is to define limitations for real estate investments by Colorado state-chartered banks.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.32.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Establish a requirement for a state bank to provide a 60 calendar day prior notification or 10 calendar day notification post investment notification to the Division.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.37
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 104
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.37 is found in Section 11-102-104 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to limit and regulate bank-affiliate transactions, establish guidelines for allowable transactions, set collateral requirements, and prohibit certain activities.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.37.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Align the rule with the federal standards through the incorporation by reference the following applicable codes of federal regulation:
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter II - Federal Reserve System - Subchapter A - Board of Governors of the Federal Reserve System - Part 223 Transactions Between Member Banks and Their Affiliates ("Regulation W").
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter II - Federal Reserve System - Subchapter A - Board of Governors of the Federal Reserve System - Part 215 - Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks ("Regulation O").

The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.





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STATE BANKING BOARD
3 CCR 701-1 CB101.40
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.40 is found in Section 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to set forth the requirements for Colorado state-chartered banks to invest in shares of stock in small business investment companies organized under the Small Business Investment Act of 1958.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB101.40.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Section 11-105-304(5), C.R.S. specifically mentions Small Business Investment Companies (SBICs). It states that a state bank may invest in shares of stock in small business investment companies organized under Public Law No. 85-699, also known as the Small Business Investment Act of 1958. Therefore, this investment power is governed by statutory guidelines and a standalone, procedural rule is unnecessary.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.41
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.41 is found in Section 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of the rule is to provide a limit to the amount of the investment a Colorado state-chartered bank may invest in a bank service corporation.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.41.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Update an outdated reference to Rule CB101.52.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





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February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB101.42
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 303
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.42 is found in Section 11-105-303 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to outline the types of loans and extensions of credit that state banks are authorized to make, arrange, purchase, or sell.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.42.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Update the Division's address and phone number.

Rulemaking Authority

- | | |
|-------------|--|
| 11-101-102. | Declaration of policy. |
| 11-102-104. | Powers and duties of the banking board. |
| 11-105-304. | Bank investments - customers' orders. |
| 11-105-303. | Corporate powers - interest and charges. |





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STATE BANKING BOARD
3 CCR 701-1 CB101.44
PERTAINING TO TITLE 11, ARTICLE 103, SECTION 406
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.44 is found in Section 11-103-406 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish requirements pertaining to the declaration and payment of dividends by state-chartered commercial banks.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.44.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Include capital limitations on the payment of dividends to ensure state-chartered banks maintain sufficient capital.
- Under Rule CB101.44(C), Earnings Limitation on Payment of Dividends, the current Rule does not provide clarification regarding the source of dividend payments, nor is there a definition of undivided profits in the Rule. Division staff recommends this addition to provide clarity regarding the source of dividend payments.
- Include the Prompt Corrective Action “undercapitalized” definition through the incorporation by reference the following applicable code of federal regulation:
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter III - Federal Deposit Insurance Corporation Subchapter B - Regulations and Statements of General Policy Part 324 Capital Adequacy of FDIC-Supervised Institutions, which includes Subpart H Prompt Corrective Action.

The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-103-406. Dividends - when payable.





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February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB101.45
PERTAINING TO TITLE 11, ARTICLE 103, SECTION 502
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.45 is found in Section 11-103-502 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to require banks to prepare financial statements in accordance with generally accepted accounting principles except where the banking board may allow banks to deviate from such principles in order to establish regulatory and competitive parity.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.45.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Make technical changes.
- Remove reference verbiage as generally accepted accounting procedures change routinely and banks should prepare financial statements and reports in conformance with current requirements, not those that were in effect as of the date of the Rule.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.
11-103-502. Directors' meetings - duties.





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STATE BANKING BOARD
3 CCR 701-1 CB101.46
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 102
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.46 is found in Section 11-102-102 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish the standard for valuing assets and valuation reserves, such as for bad debts and fixed asset depreciation, in accordance with generally accepted accounting principles (GAAP) or regulatory requirements. This ensures that asset valuations are consistent and reflect appropriate financial reporting standards.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB101.46.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- GAAP is already mandatory for all banks in the U.S., including those regulated by the Division. Further, the Financial Accounting Standards Board (FASB) regularly updates GAAP standards. Since GAAP standards are dynamic and updated frequently, repealing CB101.46 would eliminate duplication of federal standards and help ensure banks consistently follow the latest FASB guidance without confusion from potentially outdated state rules.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-102-102. Powers of commissioner.





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STATE BANKING BOARD
3 CCR 701-1 CB101.47
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 303
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.47 is found in Section 11-102-303 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to require banks to provide notification of new or changes in executive officers, directors, persons in control and outlines penalties for late filing of said notices.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.47.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- The 2023 Banking Sunset Review contained a recommendation that the penalty for the late filing of these notifications should be modernized as the amount to be assessed was not meaningful and does not deter a bank from failing to submit the notifications to the Colorado State Banking Board. The passage of HB24-1351, which included the aforementioned 2023 Banking Sunset Review recommendation, amended the late filing penalty to \$100 per day. In order to reflect the new late filing penalty, Banking Board Rule CB101.47 must be amended to change the late filing penalty from \$25 per day to \$100 per day.
- Update titles for consistency in verbiage throughout rules.

Rulemaking Authority

- | | |
|-------------|---|
| 11-101-102. | Declaration of policy. |
| 11-102-104. | Powers and duties of the banking board. |
| 11-102-303. | Bank reports to banking board - requirements for acquiring control - penalty - rules - definitions. |





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February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB101.48
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.48 is found in Section 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to allow state banks to purchase and hold stock in the Federal Home Loan Bank and become members to utilize its services.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB101.48.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- To eliminate redundancy and confusion within the regulatory framework governing state banks' investment in the Federal Home Loan Bank.
- Eligibility requirements for membership are already clearly defined in the Code of Federal Regulations Title 12 - Banks and Banking Chapter 12 - Federal Housing Finance Agency - Subpart C—Eligibility Requirements § 1263.6, therefore, there is no need for a state-level rule that restates this information.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





COLORADO
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Division of Banking

February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB101.52
PERTAINING TO TITLE 11, ARTICLE 103, SECTION 201
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.52 is found in Section 11-103-201 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this Rule is to define risk-based capital and its components, establish risk categories and weights, and establish guidelines regarding the adequacy of risk-based capital.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.52.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Include a list of capital references within statute for clarity in Rule CB101.52 and throughout Rule 3 CCR 701-1 as well as clarifying the definitions of the terms.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.53
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 101
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.53 is found in Section 11-105-101 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to define a loan production office (LPO) and outlines the application process.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.53.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Allow loan approvals to occur at the LPO instead of the main office or bank branch or its subsidiary. According to OCC Interpretive Letter #902 “credit underwriting is essentially a back office function and has become even more so as modern technology has made it possible for loan “approval” functions to be performed virtually anywhere . . . Therefore, the physical location where loan “approval” may take place may have little significance in today’s world.” It follows that loan approval may take place at any location, including an LPO, without making that location a branch under the McFadden Act. In order to maintain parity with national banks operating LPOs in Colorado, loan approvals should be permissible at state chartered LPOs.
- Require an application be filed for a change in location of a LPO.
- Remove the application requirement from paragraph (D) as it is required in paragraph (B).
- Make minor grammatical and technical amendments.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.
11-105-101. Branch banks and practices prohibited.





COLORADO
Department of
Regulatory Agencies
Division of Banking

February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB101.54
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 602,
TITLE 11, ARTICLE 105, SECTION 603, and
TITLE 11, ARTICLE 105, SECTION 606

COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.54 is found in Sections 11-105-602, 11-105-603, and 11-105-606 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish guidelines for banks regarding the notification and approval process for establishing, relocating, and closing branches in Colorado.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.54.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Introduce structural, content, and operational updates to streamline and modernize branching practices.
- Consolidate sections under broader categories for easier navigation
- Clarify branch relocation processes with distinct approval requirements for short- and long-distance relocations.
- Clarify branch closure procedures.
- Remove sections that are already covered by statute.
- Add new guidelines for federal holidays falling on Saturdays.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-602. Financial branches allowed - conversion of financial institutions to branches - acquisitions.
- 11-105-603. Financial institutions - common powers and limitations.
- 11-105-606. Notice of branch closing.





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February 20, 2025

STATE BANKING BOARD
3 CCR 701-1 CB1.55
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 604
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB1.55 is found in Section 11-105-604 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to ensure that financial institutions adequately review and document deposit contracts through their board of directors, ensure the contract contains specific provisions, and file a copy with the Division.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB1.55.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Section 11-105-604, C.R.S. does not mandate a deposit contract review or approval process by a financial institution's board, nor does it require filing a deposit contract with the State Bank Commissioner. Additionally, the statute lacks provisions that specify terms or notifications related to contract extensions, amendments, or termination. The statement in Section D of the current rule that deposit contracts do not constitute a branch is already addressed in Section 11-105-604(1) C.R.S., making this section redundant. Therefore, the Division finds this rule to be unnecessary.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-604. Subsidiary depository institutions as agent.





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STATE BANKING BOARD
3 CCR 701-1 CB101.56
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 302
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.56 is found in Section 11-105-302 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to regulate Colorado state-chartered banks' investments in Tax Lien Sale Certificates of Purchase (TLSCP) by requiring prior approval from the Banking Board and imposing strict eligibility criteria based on the banks' CAMELS rating.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB101.56.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- The Rule is outdated, and in its current form that requires prior Banking Board approval for investment in Tax Lien Certificates is more restrictive than the Office of the Comptroller of the Currency 's (OCC) safety and soundness guidance. The rule puts Colorado state-chartered banks at a competitive disadvantage, and the rule should be repealed.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-302. Loans, acceptances, investments, and letters of credit.





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STATE BANKING BOARD
3 CCR 701-1 CB101.58
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.58 is found in Sections 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish the general and additional limitations for a state bank investing in an operating subsidiary.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.58.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Modernize the limitations of a state bank's investment in an operating subsidiary to increase parity with the regulation of national banks.
- Expand the operating subsidiaries in which a state bank can invest.
- Decrease the percentage of voting interest of the operating subsidiary from 80 percent to 50 percent.
- Establish the conditions in which an operating subsidiary may engage in activities in which the parent bank may engage.
- Define the meaning of "the ability to control the management and operations" of the subsidiary.
- Expand the business entities in which a state bank, through its operating subsidiary, may invest.
- Decrease the percentage of ownership level in a business that a state bank, through its subsidiary, may invest in from 80 percent to 50 percent.
- Require that the business entity in which the state bank invests, must agree to Division supervision and examination.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.
11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.59
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.59 is found in Sections 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to define the investment powers of state banks, allowing them to make investments similar to those permitted for national banks under specific federal regulations.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.59.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Align the rule with the federal standards through the incorporation by reference the following applicable codes of federal regulation:
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter I - Comptroller of the Currency, Department of the Treasury Part 1 Investment Securities
 - 12 U.S.C.A. § 24. Corporate powers of associations - Seventh

The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-103-101. General corporate powers.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.60
PERTAINING TO TITLE 11, ARTICLE 103, SECTION 101 and
TITLE 11, ARTICLE 105, SECTION 304
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.60 is found in Sections 11-103-101 and 11-105-304 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish the standards and procedures for state banks to make investments in community development projects and public welfare investments that primarily benefit low- and moderate-income individuals and areas.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.60.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Align the rule with the federal standards through the incorporation by reference the following applicable code of federal regulation:
 - Code of Federal Regulations Title 12 - Banks and Banking Chapter I - Comptroller of the Currency, Department of the Treasury Part 24 Community and Economic Development Entities, Community Development Projects, and Other Public Welfare Investments.
- Any references to "National Bank" in the incorporated federal regulations shall be interpreted to mean "Colorado State-Chartered Commercial Bank."

The incorporated material is available at <https://banking.colorado.gov/banking-home/rules-statutes>.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-103-101. General corporate powers.
- 11-105-304. Bank investments - customers' orders.





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STATE BANKING BOARD
3 CCR 701-1 CB101.61
PERTAINING TO TITLE 11, ARTICLE 105, SECTION 401
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.61 is found in Section 11-105-401 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish requirements pertaining to the appraisal of other real estate.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.61.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Update the reference to the Division of Real Estate statutes.
- Update titles for consistency in verbiage throughout rules.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-105-401. Acquisition of property to satisfy indebtedness.





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STATE BANKING BOARD
3 CCR 701-1 CB101.62
PERTAINING TO TITLE 11, ARTICLE 102, SECTION 104
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.62 is found in Section 11-102-104 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to allow state banks to provide security for funds deposited by federally-recognized Indian Tribes or their officials through the pledge of eligible collateral.

The purpose of this rulemaking is to repeal Rule 3 CCR 701-1 CB101.62.

The Colorado Division of Banking (Division) finds that the proposed repeal of this rule is necessary as follows:

- Requirements for accepting and collateralizing tribal funds are established in the Code of Federal Regulations Title 25 - Indians - Chapter 4 - Performance by United States of Obligations to Indians - Subchapter III - Deposit, Care, and Investment of Indian Moneys §162a. Deposit of tribal funds in banks; bond or collateral security; investments; collections from irrigation projects; affirmative action required.
- The rule is arguably preempted by federal law governing tribal fund deposits. Repealing this rule may reduce confusion with and avoid conflicts between state and federal law.

Rulemaking Authority

- 11-101-102. Declaration of policy.
11-102-104. Powers and duties of the banking board.





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STATE BANKING BOARD
3 CCR 701-1 CB101.66
PERTAINING TO TITLE 11, ARTICLE 103, SECTION 502
COLORADO REVISED STATUTES

STATEMENT OF BASIS, PURPOSE AND SPECIFIC STATUTORY AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3 CCR 701-1 CB101.66 is found in Section 11-103-502 of the Colorado Revised Statutes.

Purpose of this Rulemaking

The purpose of this rule is to establish the minimum frequency for state bank board meetings and attendance, as well as outline the process for meeting schedule changes.

The purpose of this rulemaking is to amend Rule 3 CCR 701-1 CB101.66.

The Colorado Division of Banking (Division) finds that the proposed amendment of this rule is necessary as follows:

- Expand the purpose of the rule to establish requirements for reviewing key transactions and recordkeeping:
 - Add a new requirement for the state bank board or its executive committee to review specific high value transactions such as loans, advances, security purchases each month to strengthen the oversight of key transactions that could impact the bank's capital.
 - Add a new requirement for the state bank board or its executive committee to maintain a record of the key transactions reviewed and for this review to be ratified by the state bank board at its next scheduled meeting.
- Clarify the requirements pertaining to considering the bank's bylaws when changing meeting frequency.
- Clarify the process regarding the Division's Banking Board or Commission review of director absences and notification to the bank's president whether or not the absences and continuation of the director are approved.
- Update the rule title to reflect the rule expansion.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-103-502. Directors' meetings - duties.

