

TC21**Fiduciary Self-Dealing** [Section 11-109-103, C.R.S.]

- A. Unless lawfully authorized by the instrument creating the relationship, by court order or by Colorado law, funds held by a trust company as fiduciary shall not be invested in stock or obligations of, or property acquired from, the trust company or its directors, officers or employees of such affiliates. If the retention of stock or obligations of the trust company or its affiliates is authorized by the instrument creating the relationship, by a court order or by Colorado law, a trust company as fiduciary may exercise rights to purchase its own stock or securities convertible into its own stock when offered pro rate to stockholders. When the exercise of rights or receipt of the stock dividend results in fractional shareholding, additional fractional shares may be purchased to compliment the fractional shares acquired.

- B. A trust company may sell assets held by it as fiduciary in one account if the transaction is fair to both accounts and if such transaction is not prohibited by the terms of the governing instrument.

- C. A trust company may deposit funds of the estate or trust account as time or demand deposits in its own banking department and may borrow money on behalf of the fiduciary account from itself and may pledge or encumber estate or trust assets as security for such loan, provided such transactions are fair to the fiduciary account.

Amended Effective March 2, 2005

Amendments correct minor grammatical and technical errors.

Amended Effective March 30, 2004

Statutory reference amendment to conform Rule to recodified statutes; update terminology to conform to recodified statutes; formatting changes to comply with Colorado Secretary of State guidelines.

Amended Effective November 30, 2001

Technical changes to replace the word "bank" with "trust company" and remove the word "trust department."

Promulgated Effective June 1, 1998

To maintain parity with nationally chartered institutions.