Kansas Administrative Regulations

Office of the State Bank Commissioner

Article 23.—Trust Supervision

17-23-2. Adoption of policies and procedures with respect to brokerage placement practices.

(a) Each bank or trust company exercising investment discretion, as defined in subsection (r) of K.A.R. 17-23-1, with respect to an account shall adopt and follow written policies and procedures intended to ensure that its brokerage placement practices comply with all applicable laws and regulations.

(b) Written policies and procedures shall address, where appropriate:

(1) the selection of persons to effect securities transactions and the evaluation of the reasonableness of any brokerage commissions paid to such persons, including the factors considered in these determinations;

(2) any acquisition of services or products, including research services, in return for brokerage commissions;

(3) the allocation of research or other services among accounts, including those which did not generate commissions to pay for the research or other services;

(4) the need, in appropriate instances, to make disclosures concerning the policies and procedures to prospective and existing customers; and

(5) the prohibition of excessive trading in portfolios.

(Authorized by K.S.A. 9-1713; implementing K.S.A. 9-1601, K.S.A. 9-2103; effective Feb. 28, 1994.)