

## MAINE BUREAU OF FINANCIAL INSTITUTIONS

### ORDER APPROVING APPLICATION OF NORTHEAST RETIREMENT SERVICES, INC.

### TO ESTABLISH A NONDEPOSITORY TRUST COMPANY TO BE KNOWN AS GLOBAL TRUST COMPANY

Northeast Retirement Services, Inc., Woburn, Massachusetts ("NRS") filed an application, pursuant to Title 9-B M.R.S.A. Chapter 121, to establish a nondepository trust company to be known as **Global Trust Company** ("Global TC") and to be located in Woburn, Massachusetts. Global TC will have a registered office in Maine. The application was accepted for processing on September 9, 2008. Public notice, as required by Title 9-B M.R.S.A. 252.2(B), was provided by publication, posting on the Bureau's website and mail to interested parties affording them an opportunity to either submit written comments or request a hearing. The Bureau received no comments during the public comment period ending October 14, 2008.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction. All evidence and pertinent material which were considered by the Examiner were also considered by the Superintendent in reaching his decision.

NRS provides trust administration for approximately \$70 billion in assets for retirement plans, collective and common funds, trusts, partnerships, limited liability corporations, endowments and foundations. Each client's software platform is customized, using predominantly proprietary technology and client-server platforms.

Global TC is being established to expand NRS's business to enable it to act as a trustee for collective investment funds. Global TC will not serve the retail market but will market its collective investment funds to retirement plans, endowments and foundations, and sub-advisors of collective investment funds. Global TC will provide a processing back office that will manage the collective investment funds. Many of the services will be outsourced to unrelated third-parties with whom NRS has existing strategic alliances or to NRS. Global TC will seek membership in the National Securities Clearing Corporation ("NSCC"), which will allow for processing of collective investment funds with direct NSCC connectivity.<sup>[1]</sup> NRS has software that provides connectivity to NSCC.

NRS has demonstrated sound financial performance with experienced management and has successfully competed in the trust administration business. The Bureau considered the competitive effects, the future prospects and the convenience and needs of the markets to be served and found them

consistent with approval. Accordingly, the application of NRS to establish a nondepository trust company with the name "Global Trust Company" is approved, subject to the conditions listed on Appendix A.

The transaction shall be completed within one year of the effective date of this Order, unless a written extension is granted by the Superintendent. Any person aggrieved by this Order shall be entitled to a judicial review of the Order in accordance with the Maine Administrative Procedure Act, Title 5, Chapter 375, subchapter VII.

By order of the Superintendent, effective December 5, 2008.

/s/ Lloyd P. LaFountain III  
Superintendent  
Gardiner, Maine  
November 5, 2008

[1] The NSCC is a SEC-registered clearing agency providing "centralized clearance, settlement and information services for virtually all broker-to-broker equity, corporate and municipal bond, exchange-traded funds and unit investment trust trades in the US."

## **APPENDIX A**

### **CONDITIONS**

1. Kevin T. Bottomley, Patrick D. Centanni, Richard P. Chapman, Jr., Ronald D. Dean, Thomas Forese, Jr., William G. Gothorpe, William S. Hogan, Jr., Richard E. Holbrook, Joseph F. MacDonough, Kenneth V. Pierog and Brian D. Steward are approved as directors.
2. Thomas Forese, Jr. is approved as the chief executive officer and Christopher Hulse and Kenneth GY Grant are approved as senior vice presidents.
3. Global TC shall maintain Tier 1 capital (as defined in Bureau Regulation 27) not less than the greater of (a) \$2 million (\$1 million prior to obtaining membership in the NSCC) or (b) the sum of (1) 10 basis points (0.10%) of discretionary assets and (2) 5 basis points (0.05%) of nondiscretionary assets, including assets held in custody, unless a different amount is established by the Superintendent pursuant to 9-B MRSA §412-A (2). As such, the Superintendent reserves the right to change the above formula for determining ongoing capital adequacy.
4. If Global TC fails to maintain Tier 1 capital in the minimum amount specified above in Condition #3, Global TC shall be deemed to have

inadequate capital and the Bureau shall have the authority to take any action authorized by Regulation 27.

5. Prior to the effective date of the acquisition and pursuant to 9-B MRSA § 1213-A, Global TC shall pledge to the Bureau readily marketable assets having a fair value of at least \$500,000, which shall be increased to \$1 million simultaneously with the increase in Tier 1 capital to \$2 million.
6. At all times, Global TC shall maintain liquid assets at least equal to 25% of the minimum Tier 1 requirement.
7. All transactions between Global TC and NRS, including any subsidiaries and affiliates of NRS, shall be conducted subject to the provisions of 9-B M.R.S.A. §468. Prior to commencing operations, Global TC shall enter into written agreements, acceptable to the Bureau, governing all relationships, including shared management, employees, space and equipment, with NRS (and its subsidiaries and affiliates) and any other affiliate. The Board of Directors of Global TC shall annually review and approve any service agreements and any other transactions with affiliates, including any cost allocation or fee-sharing provisions in such agreements or other transactions.
8. During the first two years of operations, Global TC shall not implement any material change or deviation from its operating plan without the prior written approval of the Bureau.
9. During the first two years of operations, the Bureau must review and have no objection to any proposed executive officer or director of Global TC.
10. During the first two years of operations, Global TC may not open any offices without the prior written approval of the Bureau.
11. All technology-related vendor contracts must stipulate that the performance of services provided by the vendors to Global TC is subject to the Bureau's examination and regulatory authority.
12. Prior to the issuance of a Certificate to Transact Business, Global TC shall submit its written Anti-Money Laundering Program and Customer Identification Program to the Bureau.
13. The Superintendent must approve the organizational documents (i.e., Articles of Organization and Bylaws).
14. Global TC must submit evidence that it has obtained adequate fidelity bond coverage, including an Errors and Omission rider; the coverage must be in an amount (including the amount of the deductible) and for such coverage that shall be satisfactory to the Superintendent.
15. Global TC will comply with all applicable laws, including the Maine Banking Code (Title 9-B M.R.S.A.), regulations and policies of the Bureau.
16. On the business day prior to the issuance of a Certificate to Transact Business, the Chief Executive Officer of Global TC and NRS must

certify in writing to the Bureau that no material adverse changes have occurred with respect to the financial condition or operation of Global TC and NRS, respectively, as disclosed in the application.