

## MAINE BUREAU OF FINANCIAL INSTITUTIONS

### ORDER APPROVING APPLICATION TO ESTABLISH A NONDEPOSITORY TRUST COMPANY TO BE KNOWN AS EATON VANCE TRUST COMPANY

Eaton Vance Corp., Boston, Massachusetts ("Eaton Vance") filed an application to organize a nondepository trust company, pursuant to 9-B M.R.S.A. Chapter 121, to be known as Eaton Vance Trust Company ("Eaton Vance Trust"). Eaton Vance Trust's office will be located at 255 State Street, Boston, Massachusetts, but Eaton Vance Trust will have a registered office at One Monument Square, Portland, Maine.

The application was accepted for processing on November 15, 2004. Public notice, as required by Title 9-B M.R.S.A. 252.2(B) and 312.3, was provided by publication, posting on the Bureau's website and e-mail to interested parties affording them an opportunity to submit written comments or request a hearing. The Bureau received no comments during the public comment period which ended December 18, 2004.

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 her decision.

Eaton Vance operates, through a series of wholly-owned and majority-owned registered subsidiaries, as an investment adviser managing fund and separate account assets. It has been in the investment management business for eighty years and currently has more than \$94 billion in assets under management. In conjunction with its investment management services, Eaton Vance also creates and markets its funds. The company's traditional focus has been on the investment goals of wealthy investors, offering funds managed with both after-tax and pre-tax return objectives. In recent years, Eaton Vance has significantly expanded its investment offerings and broadened its range of products.

Eaton Vance Trust proposes to offer commingled trust accounts to qualified defined contribution and defined benefit plans. The common management of the pooled assets of small- to medium-sized defined contribution and defined benefit plans would allow for greater diversification, lower cost and more efficient operations of these qualified plans. Eaton Vance has been approached by a number of major brokerage houses and qualified plan consultants to offer its current product mix as commingled investment funds. Initially, Eaton Vance Trust proposes to create and offer four commingled trusts that will duplicate current offerings, but at a lower cost.

The directors, officers and employees of Eaton Vance Trust will be officers and employees of Eaton Vance. The financial resources of Eaton Vance are sound

and sufficient to provide necessary support, if any, to Eaton Vance Trust. All other statutory factors required to be considered are consistent with approval. Accordingly, the application to establish a nondepository trust company with the name "Eaton Vance Trust Company" is approved.

The approval is subject to the conditions as follows:

1. Eaton Vance Trust's initial minimum equity capital shall be no less than \$500,000.
2. On an on-going basis, Tier 1 capital (as defined in Bureau of Financial Institutions Regulation 27) shall not be less than the greater of (a) \$450,000 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.
3. If Eaton Vance Trust fails to maintain Tier 1 capital in the minimum amount specified above in Condition #2, Eaton Vance Trust shall be deemed to have inadequate capital and the Bureau shall have the authority to take any action authorized by Regulation 27.
4. All transactions between Eaton Vance Trust and any affiliates shall be conducted subject to the provisions of 9-B MRSA §468. The Board of Directors of Eaton Vance Trust shall annually review and approve the service agreements and any other transactions with affiliates, including any cost allocation or fee-sharing provisions in such agreements or other transactions.
5. All technology-related vendor contracts must stipulate that the performance of services provided by the vendors to Eaton Vance Trust is subject to the Bureau's examination and regulatory authority.
6. Eaton Vance Trust shall not implement any material change or deviation from its operating plan during the first two years of operation without the prior written approval of the Bureau.
7. During the first two years of operation, Eaton Vance must submit, and the Bureau must review and have no objection to, any proposed executive officer or director.
8. Eaton Vance must submit, and the Superintendent must approve, the Bylaws.
9. Eaton Vance Trust 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.

Eaton Vance Trust has requested a partial waiver of the thirty-day waiting period so that the transaction may be effective no later than December 30, 2004. Two potential clients have agreed preliminarily to invest substantial sums in commingled trusts, and for business reasons those potential clients desire to establish the relationship in early January 2005. These relationships will ensure that Eaton Vance Trust will be profitable in its first year of operations. The Superintendent has determined that these factors constitute extraordinary or unusual conditions and, therefore, the Superintendent agrees to grant the partial waiver in order that the transaction may be consummated on or after December 30, 2004. 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 30, 2004.

/s/ Colette L. Mooney  
Acting Superintendent  
Gardiner, Maine  
December 20, 2004