

197—10.3(534) Administration of trust powers.

10.3(1) The board of directors is responsible for the proper exercise of fiduciary powers by the association. All matters pertinent thereto, including the determination of policies, the investment and disposition of property held in a fiduciary capacity, and the direction and review of the actions of all officers, employees, and committees utilized by the association in the exercise of its fiduciary powers, are the responsibility of the board. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of the associations' trust powers as it may consider proper to assign to the director(s), officer(s), employee(s), or committee(s) as it may designate.

10.3(2) No fiduciary account shall be accepted without the prior approval of the board, or of the director(s), officer(s), or committee(s) to whom the board may have assigned the performance of that responsibility. A written record shall be made of acceptances and of the relinquishment or closing out of all fiduciary accounts. Upon the acceptance of an account for which the association has investment responsibilities, a prompt review of the assets shall be made. The board shall also ensure that at least once during every calendar year thereafter, and within 15 months of the last review, all the assets held in or held for each fiduciary account for which the association has investment responsibilities are reviewed to determine the advisability of retaining or disposing of assets. The board of directors should act to ensure that all investments have been made in accordance with the terms and purposes of the governing instrument.

10.3(3) The trust department may utilize personnel and facilities of other departments of the association, and other departments of the association may utilize personnel and facilities of the trust department only to the extent not prohibited by law.

10.3(4) Every association exercising trust powers shall adopt written policies and procedures to ensure that the federal securities laws are complied with in connection with any decision or recommendation to purchase or sell any security. The policies and procedures, in particular, shall ensure that the associations' trust departments shall not use material inside information in connection with any decision or recommendation to purchase or sell any security.

10.3(5) Every association exercising fiduciary powers shall designate, employ, or retain legal counsel who shall be readily available to pass upon fiduciary matters and to advise the association and its trust department.

10.3(6) In addition to the minimum bond coverage required by Iowa Code section 534.602, directors, officers and employees of an association engaged in the operation of a trust department shall acquire additional bond coverage as the superintendent may require.