

**ORDER OF THE  
DIVISION OF SECURITIES  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
STATE OF WISCONSIN  
ADOPTING RULES**

To renumber DFI-Sec 4.10(1) to (4); and to create DFI-Sec 4.10(2); relating to bank sales of certificates of deposit of third-party banks.

Pursuant to sections 551.63(2), 551.02(3)(c), and 551.31(5), Wis. Stats., the Division of Securities of the Department of Financial Institutions adopts rules interpreting those sections as follows:

**Text of Final Rules**

**Section 1. DFI-Sec 4.10(1) to (4) are renumbered DFI-Sec 4.10(1)(a) to (d)**

**Section 2. DFI-Sec 4.10(2) is created to read:**

**DFI-Sec 4.10(2)** A bank, savings institution or trust company not licensed as a broker-dealer may take applications, assist in account opening, and execute orders for the purchase or sale of federally insured certificates of deposit in principal amounts not to exceed \$100,000 per purchaser, issued by and on behalf of a third party bank, savings institution or trust company whose securities are exempt under s. 551.22 (3), Stats., as agent for the purchaser or seller thereof, in transactions not in violation of ch. 551, Stats., if the bank, savings institution or trust company does all of the following:

- (a) Requires that the promotional, administrative or transaction execution functions are performed by its employees who are supervised by a person at the bank, savings institution or trust company who is an officer, branch or assistant branch manager or other employee occupying a similar office or performing similar functions at each location where the promotional, administrative or transaction execution functions are performed.
- (b) Discloses to each customer the identity of the issuer of the certificate of deposit if different from the bank, savings institution or trust company offering it.
- (c) Discloses in advertising materials published or circulated in this state relating to the certificate of deposit all of the following:

1. The name, and the city and state location, of the bank, savings institution or trust company that is the issuer of the certificate of deposit.
  2. The interest rate on, as well as the duration of, the certificate of deposit.
  3. The identity of the provider of the federal deposit insurance on the certificate of deposit.
  4. The existence of any formal supervisory, managing or similar agreement between an issuing bank, savings institution or trust company and the federal deposit insurance corporation or other federal or state agency, as well as the existence of any conservatorship, receivership or similar proceeding involving the issuing bank, savings institution or trust company, whether under state or federal law.
- (d) Makes, keeps current and preserves for a period of not less than 3 years, a record of purchases of third party certificates of deposit by it as agent for the purchaser or seller. This requirement may be satisfied by keeping copies of purchase applications and customer checks or copies of confirmations from the issuing bank, savings institution, or trust company.

\* \* \* \* \*

The rules and amendments contained in this Order shall take effect as provided in s. 227.22(2) (intro.), Stats., on the first day of the month following the date of publication in the Wisconsin Administrative Register.

DATED at Madison, Wisconsin, this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

[SEAL]

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PATRICIA D. STRUCK  
Administrator  
Division of Securities