



Chairman Jeff Longbine
Senate Committee on Financial Institutions and Insurance
Kansas State Capitol
300 SW 10th Ave.
Topeka, KS 66612

RE: Testimony in **SUPPORT** of SB 337

Chairman Longbine and members of the Committee:

Thank you for allowing me the opportunity to present written testimony in support of SB 337. This legislation would clarify the date on which the conditional technology-enabled fiduciary financial institution issued to Beneficient Fiduciary Financial, L.L.C. (“BFF”) converts to a permanent charter.

As the Committee is aware, on July 1, 2021, the Office of State Bank Commissioner and the State Banking Board issued a conditional charter to BFF pursuant to the requirements of the technology enabled fiduciary financial institutions act (the “Act”). The Act provided that BFF could not engage in any fidfin transactions until the earlier of December 31, 2021 or the date the Commissioner adopted rules and regulations. The Act did not, however, specifically state that the date on which BFF is permitted to engage in fidfin activities is also the date on which the conditional charter converts to a permanent charter. In fact, the Act is completely silent on the date the conditional charter converts to a permanent charter.

From a practical perspective, we do not believe that an institution can conduct fidfin operations without a permanent charter. Accordingly, our interpretation of the Act was that the charter would become permanent once BFF was permitted to conduct fidfin activities. During testimony on December 7, 2021 before the Joint Committee on Fiduciary Financial Institutions Oversight, comments were made that the Act was ambiguous as to the conversion date and that the Act should be clarified to resolve that ambiguity.

We believe that SB 337 effectively addresses this ambiguity and makes clear that BFF’s charter converts from conditional to permanent on the date BFF is authorized to conduct fidfin transactions – that date being December 31, 2021. We support this language and the clarity it provides.

Thank you again for permitting me to testify today.

Sincerely,

A handwritten signature in blue ink that reads 'Derek L. Fletcher'.

Derek L. Fletcher
President and Chief Fiduciary Officer