

RCW 30B.24.020 Conflicts of interest. (1) In addition to the provisions set out in RCW 11.98.078, if a conflict of interest may reasonably be expected to have a material adverse impact on the trustee's judgment in its provision of services to such client, the trustee must provide a reasonable disclosure of such conflict to such client.

(2) Unless authorized by other law, a state trust company may not invest funds of a fiduciary account over which it has investment discretion in the shares or obligations of, or in assets acquired from: The state trust company or any of its directors, officers, managers, or employees; affiliates of the state trust company or any of their directors, officers, managers, or employees; or individuals or organizations with whom there exists an interest that might affect the exercise of the best judgment of the state trust company.

(3) If retention of shares or obligations of the state trust company or its affiliates in a fiduciary account is consistent with applicable law, the state trust company may:

(a) Exercise rights to purchase additional shares, or securities convertible into additional shares, when offered pro rata to shareholders; and

(b) Purchase fractional shares to complement fractional shares acquired through the exercise of rights or the receipt of a share dividend resulting in fractional share holdings.

(4) A state trust company may not lend, sell, or otherwise transfer assets of a fiduciary account for which a state trust company has investment discretion to itself or any of its directors, officers, managers, or employees, or to affiliates of the state trust company or any of their directors, officers, managers, or employees, or to individuals or organizations with whom there exists an interest that might affect the exercise of the best judgment of the state trust company, unless:

(a) The transaction is authorized by other applicable law;

(b) Legal counsel advises the state trust company in writing that the state trust company has incurred, in its fiduciary capacity, a contingent or potential liability, in which case the state trust company, upon the sale or transfer of assets, shall reimburse the fiduciary account in cash at the greater of book or market value of the assets;

(c) In the case of a collective investment fund, the state trust company purchases for its own account any defaulted investment held by the fund if, in the judgment of the state trust company, the cost of segregating the investment is excessive in light of the market value of the investment: PROVIDED, That the state trust company purchases the defaulted investment at the greater of market value or the sum of cost and accrued unpaid interest; or

(d) Required in writing by the director.

(5) Notwithstanding any other provision of this section, a state trust company may not lend to any of its directors, officers, managers, or employees any funds held in trust, except with respect to employee benefit plans in accordance with the exemptions found in section 408 of the employee retirement income security act of 1974, 29 U.S.C. Sec. 1108.

(6) A state trust company may make a loan to a fiduciary account and may hold a security interest in assets of the account if the transaction is fair to the account and is not prohibited by applicable law.

(7) A state trust company may sell assets between any of its fiduciary accounts if the transaction is fair to both accounts and is not prohibited by applicable law.

(8) A state trust company may make a loan between any of its fiduciary accounts if the transaction is fair to both accounts and is not prohibited by applicable law. [2019 c 389 s 44; 2014 c 37 s 365.]