

MAINE BUREAU OF FINANCIAL INSTITUTIONS  
ORDER APPROVING APPLICATION TO ESTABLISH A NONDEPOSITORY  
TRUST COMPANY  
TO BE KNOWN AS INTERNATIONAL CLEARING TRUST COMPANY

Gail Weiss & Associates, Inc., Baltimore, Maryland ("GWA") filed an application to organize a nondepository trust company, pursuant to 9-B M.R.S.A. Chapter 121, to be known as International Clearing Trust Company ("ICTC"). ICTC's office will be located at 828 South Charles Street, Baltimore, Maryland, but ICTC will have a registered office at One Portland Square, Portland, Maine.

The application was accepted for processing on August 19, 2002. Public notice, as required by Title 9-B M.R.S.A. 252.2(B) and 312.3, was provided by publication and 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 ending September 23, 2002.

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 his decision.

GWA is a subchapter S Maryland corporation founded in 1998 and jointly owned by Gail Weiss and her husband, Chris Sagovac. GWA has developed mutual fund trading software that enables third party administrators to access the National Securities Clearing Corporation ("NSCC"). Additionally, GWA provides consulting services to third party administrators of defined contribution plans. GWA will continue to operate and will become a holding company, owning 100% of ICTC.

ICTC will specialize in automated processing of mutual fund transactions via the NSCC. It will provide directed trustee and/or custodian services to accounts exclusively invested in mutual funds traded via the NSCC, as well as offer a mutual fund processing back office service bureau to financial services companies that do not directly participate in the NSCC platform. ICTC will not have discretionary authority over any assets. GWA intends to use its existing software and consulting expertise to highly automate ICTC's processing. Mutual fund trading will be completely electronic, utilizing the mutual fund trading expertise developed by GWA. GWA's software will be enhanced to perform trust accounting, including extensive regulatory reporting. Ancillary supporting services will include check writing, income collection, reporting and participant loan origination and accounting.

ICTC's primary clients will be defined contribution retirement plans or small financial institutions seeking a mutual fund service bureau arrangement. The clients will be institutional investors (i.e., third party administrators of

retirement plans, plan sponsors of retirement plans, banks, trust companies and broker-dealers that invest in mutual funds), and not retail investors.

The mutual fund and the retirement fund subset are extremely large markets and institutional investors are looking to enhance transaction processing by making it more efficient, more accurate, more compliant and less costly. According to the Investment Company Institute there are \$6.98 trillion invested in mutual funds in the United States, of which approximately \$2.4 trillion is from retirement plans. The NSCC, which is the leading processor of mutual fund orders, has grown dramatically over the last few years, serving over 585 mutual fund groups representing over 24,000 mutual funds, up from 12,000 in 1999. NSCC trading offers several advantages, including guaranteed settlement, netting, standardized formats, automation, a single connection, lower cost, automated reconciliation and auditing, and a facilitated process to add new funds. These advantages should continue NSCC's position as a leading provider of centralized clearance, settlement and information services to the financial services industry. This potential growth in NSCC bodes well for GWA, due to its proprietary software, Point of Contact®. ICTC should similarly benefit, as it leverages GWA's client base and mutual fund trading system.

The nondepository trust company charter, by adding the settlement function to existing GWA products of trade entry and execution, will enable GWA to control the entire mutual fund trading process, thereby increasing time efficiency and accuracy. Although ICTC's plan of restricting its business to servicing mutual funds will limit its business opportunities, ICTC will benefit from the specialized automation necessary to reduce costs and fees and to minimize errors and fiduciary risk.

ICTC's strategy is based on the growing defined contribution retirement market and GWA's fully-automated, web-based proprietary software system that offers unlimited investment choices and can split contributions to more than one plan. GWA has established that there is a very large and growing defined contribution retirement market and that there is a demand for its services. All other statutory factors required to be considered are consistent with approval. Accordingly, the application to establish a nondepository trust company with the name "International Clearing Trust Company" is approved. The approval is subject to the conditions listed below:

1. ICTC's initial minimum equity capital shall be no less than \$150,000.
2. On an on-going basis, Tier 1 capital (as defined in Regulation 27) shall not be less than the greater of (a) \$100,000 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 ICTC fails to maintain Tier 1 capital in the minimum amount specified above in Condition #2, ICTC 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 ICTC and any affiliates shall be conducted subject to the provisions of 9-B MRSA §468. The Board of Directors of ICTC 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 ICTC is subject to the Bureau's examination and regulatory authority.
6. ICTC shall not implement any material change or deviation from its operating plan without the prior written approval of the Bureau during the first two years of operation.
7. During the first two years of operation, the Bureau must review and have no objection to any proposed executive officer or director.
8. The Superintendent must approve the Articles of Organization and Bylaws.
9. ICTC 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.

ICTC has requested permission to have only three directors. Inasmuch as ICTC's parent company is owned by two individuals and ICTC does not propose to conduct business directly with the general public, permission is granted, pursuant to the authority granted in §316A(1), to have not less than three directors.

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 November 25, 2002

/s/ Howard R. Gray, Jr.  
Superintendent  
Gardiner, Maine  
October 25, 2002

