



# STATE OF WYOMING

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## DEPARTMENT OF AUDIT

**DIVISION OF BANKING**  
Phone: (307) 777-7797 Fax: (307) 777-3555

**Mark Gordon**  
Governor

**Jeffrey C. Vogel**  
Director

**Albert L. Forkner**  
Commissioner

### **Special Purpose Depository Institutions: Capital Requirement Guidance**

Wyo. Stat. § 13-12-110 and implementing rules<sup>1</sup> establish an overall capital requirement for chartering a special purpose depository institution ("SPDI"). This initial requirement has three components:

- **Capital Stock:** Statutory requirement of not less than \$5,000,000. Banking Commissioner authorized to set capital requirement on a case-by-case basis, in a manner commensurate with the risk profile and proposed activities of the institution.
- **Surplus/Operating Expenses:** 3 years of projected operating expenses, as specified in the business plan of the institution.
- **Contingency Account:** 2% of demand (non-custodial) deposits of fiat currency. Only applies after third year of operation. Potentially counts toward other requirements.

The Division of Banking ("the Division") focuses heavily on the business plan and proposed activities of an SPDI in determining an overall capital requirement. Consequently, the required initial capital will vary from institution to institution. The Division takes a holistic view of these requirements and focuses on the overall resources available to a prospective SPDI.

After consultations with industry and other regulators, as well as an analysis of potential business models, the Division anticipates that a prospective SPDI should consider 1.25–1.75% of proposed assets under management/assets under custody or \$10,000,000—whichever is greater—as an appropriate *minimum* overall requirement for chartering. Again, the Division will assess the initial requirement of each institution on a case-by-case basis, after consulting with the applicant.

The structure/operations of an SPDI will likely be different than a traditional retail-focused bank, because the institution is required to maintain 100% of its fiat demand deposits as liquid assets and is prohibited from lending fiat deposits. SPDIs may resemble a custody bank<sup>2</sup> because of their likely focus on fiduciary activities, asset management and custody.

This initial capital requirement is principally tailored to ensure the financial strength of a prospective institution and to ensure the Division has adequate resources available to cover receivership costs in the unlikely event of a failed SPDI. An institution must pledge assets to the Division equivalent to the total capital of the institution to cover potential receivership costs, consistent with Wyo. Stat. § 13-12-108. The Division will not accept a pledge of capital stock, surplus, undivided profits or retained earnings accounts to fulfill this requirement. Capital is not required to be paid in, however, until a charter is granted and may be invested in investment grade assets, as provided by rule.

The Division is happy to discuss this guidance further with potential applicants. Please contact us at (307) 777-7797 or [wyoingbankingdivision@wyo.gov](mailto:wyoingbankingdivision@wyo.gov) with questions or concerns.

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<sup>1</sup> Rules of the Division, Chapter 20, § 2.

<sup>2</sup> THE CLEARING HOUSE, THE CUSTODY SERVICES OF BANKS (2016), available at [https://www.theclearinghouse.org/-/media/tch/documents/research/articles/2016/07/20160728\\_tch\\_white\\_paper\\_the\\_custody\\_services\\_of\\_banks.pdf](https://www.theclearinghouse.org/-/media/tch/documents/research/articles/2016/07/20160728_tch_white_paper_the_custody_services_of_banks.pdf).

