STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2182 BY: KINNAMON of the HOUSE

and

HANEY of the SENATE

COMMITTEE SUBSTITUTEAN ACT RELATING TO BANKS AND TRUST COMPANIES; AMENDING 6 O.S. 1991, SECTION 406, WHICH RELATES TO THE POWERS OF BANKS OR TRUST COMPANIES; MODIFYING SOURCE FOR AUTHORITY OF SHAREHOLDER'S RIGHT OF DISSENT RELATING TO CERTAIN AMENDMENTS TO THE CERTIFICATE OF INCORPORATION; AMENDING 6 O.S. 1991, SECTION 414, WHICH RELATES TO ACQUIRED REAL ESTATE; DELETING CERTAIN BID RESTRICTION; AUTHORIZING ESTABLISHMENT OF LOAN PRODUCTION OFFICES BY STATE BANKS; AMENDING 6 O.S. 1991, SECTION 806, WHICH RELATES TO THE REGULATION OF BANKS; CLARIFYING STATUTORY LANGUAGE RELATING TO THE LIMITATION ON BANKS ON HOLDING CERTAIN SECURITIES; AMENDING 6 O.S. 1991, SECTION 1109, WHICH RELATES TO THE SALE OF ASSETS OF A BANK; PROVIDING FOR SHAREHOLDER'S RIGHT OF DISSENT UNDER CERTAIN CIRCUMSTANCES; PROVIDING LIMITATION ON DEPOSITS OR ACCOUNTS BEING CONDITIONALLY ASSUMED; AMENDING 6 O.S. 1991, SECTION 1204, WHICH RELATES TO THE LIQUIDATION OF BANKS; MODIFYING CERTAIN QUARTERLY REPORTS TO ANNUAL REPORTS; AMENDING 6 O.S. 1991, SECTION 1406, WHICH RELATES TO THE RECEIPT OF DEPOSITS BY BANKS WHILE INSOLVENT; PROVIDING FOR CERTAIN NOTIFICATION; AMENDING 6 O.S. 1991, SECTION 1417, WHICH RELATES TO NAMES OF BANKS; REQUIRING PROMULGATION OF CERTAIN RULES AND REGULATIONS; MODIFYING USE OF CERTAIN WORDS IN BANK NAME; MODIFYING DATES RELATING TO CERTAIN ADVERTISEMENT

VIOLATION; AMENDING 68 O.S. 1991, SECTION 812, WHICH RELATES TO ESTATE TAXES; MODIFYING SOURCE OF NOTICE TO FINANCIAL INSTITUTIONS FOR CERTAIN RELEASE OF ASSETS; CREATING THE INTERNATIONAL BANK ACT; PROVIDING SHORT TITLE; DEFINING TERMS; PROVIDING FOR APPLICABILITY OF STATE BANKING LAWS; PROVIDING FOR APPLICABILITY OF GENERAL CORPORATION ACT; PROVIDING CERTAIN REQUIREMENTS FOR CARRYING ON BANKING BUSINESS; PROVIDING FOR CERTAIN APPLICATION FOR LICENSING AND PROCEDURES RELATED THERETO; AUTHORIZING CERTAIN ACTIVITIES; PROVIDING FOR CERTAIN ADMINISTRATIVE OFFICES; PROVIDING FOR CERTAIN ASSET MAINTENANCE; REQUIRING CERTAIN CERTIFICATION OF CAPITAL ACCOUNTS; PROVIDING FOR LENDING LIMITS; REQUIRING CERTAIN REPORTS; PROVIDING FOR CERTAIN CONVERSION OF AGENCIES; PROVIDING FOR DISSOLUTION; AUTHORIZING CERTAIN REPRESENTATIVE OFFICES; AUTHORIZING THE STATE BANKING DEPARTMENT TO PROMULGATE CERTAIN RULES AND REGULATIONS; PROVIDING FOR FOREIGN TRAVEL EXPENSES; PROVIDING PROCEDURES FOR UNCLAIMED INTANGIBLE PROPERTY; SPECIFYING EXCEPTIONS; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 6 O.S. 1991, Section 406, is amended to read as follows:

Section 406. A. CHANGE OF NAME. A bank or trust company, by majority vote of the outstanding voting stock, may upon written notice to the Commissioner change its corporate name by appropriate amendment of its ~~articles~~ <u>certificate</u> of incorporation.

B. CHANGE IN LOCATION. (1) An application to change a bank or trust company's location must be authorized by majority vote of the outstanding voting stock. The application shall be submitted upon a form provided by the Commissioner, and shall contain a copy of the

resolution adopted by the stockholders at the stockholders' meeting authorizing the proposed change in location, and shall be verified by the president or secretary of the corporation. An application fee to cover the expenses of investigation and hearing in an amount provided by Banking Board rule shall accompany the application;

(2) If the applicant bank's deposits are insured by the Federal Deposit Insurance Corporation, the Commissioner may condition his approval upon the approval of the Federal Deposit Insurance Corporation;

(3) Notice of such application shall be mailed to such persons and organizations as the Commissioner may require; and

(4) The Commissioner may, in his discretion, approve the application and authorize amendment of the ~~articles~~ certificate of incorporation and shall be guided by the standards prescribed for the approval of an application to organize, insofar as they are reasonably applicable.

C. CHANGE IN NUMBER AND PAR VALUE OF SHARES. Upon application of a bank or trust company authorized by a majority vote of the outstanding voting stock to amend its articles of incorporation by changing the number and par value of shares without altering the capital structure, the Commissioner shall approve the application and authorize amendment unless the change will inequitably affect the interest of any stockholders and the bank or trust company does not have sufficient surplus and undivided profits to pay dissenting stockholders the fair value of their shares and have remaining the required paid-in surplus.

D. BANK'S ABANDONMENT OF TRUST POWERS. Upon application approved by majority vote of the outstanding voting stock authorizing the abandonment of its trust powers, the Commissioner may, in his discretion, approve the application and permit amendment of the applicant's ~~articles~~ certificate of incorporation.

E. OTHER AMENDMENTS. The Commissioner may, in his discretion, permit amendments to ~~articles~~ the applicant's certificate of incorporation in addition to those specifically set forth in Section 405 and Section 406 of this title, if he finds and determines the public and interested parties would be served by the approval of such amendments.

F. RIGHT OF DISSENT. Shareholders of banking corporations shall have the right of dissent to corporate action, in the same manner as provided by Section ~~1.157 of Title 18 of the Oklahoma Statutes~~ 1104 of this title with respect to the adoption of the following type of amendments to the applicant's certificate of incorporation:

(1) With respect to holders of a class of stock, a decrease in the par value per share of the outstanding shares of such class of stock, or a reverse stock split that decreases the aggregate par value of a shareholder's total shares of the affected class of stock;

(2) A change of the main office location to a different town or city;

(3) With respect to preferred shareholders, a conversion of preferred stock into common stock, other than in accordance with conversion features, if any, which were contained in the terms of the preferred stock when it was originally issued; and

(4) With respect to preferred shareholders, any other amendment which would modify preferred stock to reduce the dividend rate, to make cumulative dividends noncumulative, to reduce the redemption or liquidation price, to eliminate or adversely affect any conversion rights or to eliminate or diminish any voting rights related thereto.

The provisions of this subsection shall not apply to transactions which are subject to dissenters' rights as provided by Sections 1104 and 1109 of this title. Shareholders of banking

corporations shall also be entitled to appraisal rights granted with respect to any type of transaction pursuant to the provisions of the Oklahoma General Corporation Act, except for transactions subject to dissenters' rights as provided by the provisions of this section and Sections 1104 and 1109 of this title.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 414, is amended to read as follows:

Section 414. A. REAL ESTATE AND EQUIPMENT NECESSARY TO BANK'S OPERATION. A bank or trust company may purchase and hold real estate, equipment, furniture and fixtures necessary for the convenient transaction of its business, the cost of which shall not exceed its capital, surplus and undivided profits. This limitation may be exceeded upon written approval of the Commissioner. A bank or trust company may lease out to such tenants as it deems appropriate any portion of its banking house or premises not utilized in the conduct of its banking operations.

B. REAL ESTATE ACQUIRED IN SATISFACTION OF DEBT. A bank or trust company may purchase and hold real estate conveyed to it in satisfaction of debts previously contracted in good faith in the course of business. All such real estate shall be accounted for individually at the lower of the recorded investment in the loan satisfied or its fair market value on the date of the transfer. The recorded investment in the loan satisfied is the unpaid balance of the loan, increased by accrued and uncollected interest, unamortized premium, and loan acquisition costs, if any, and decreased by previous direct write down, finance charges and unamortized discount, if any.

C. REAL ESTATE ACQUIRED UNDER JUDGMENT, DECREE OR MORTGAGE FORECLOSURE. A bank or trust company may acquire and hold real estate such as it shall purchase at sale under judgment, decree or mortgage foreclosure, under securities held by it~~; but neither a~~

~~bank nor a trust company shall bid at any such sale a larger amount than enough to satisfy its debts and costs~~.

D. SALE OF REAL ESTATE ACQUIRED UNDER SUBSECTIONS B AND C. No real estate acquired in the cases contemplated in subsections B and C of this section shall be held for a longer time than five (5) years without the written approval of the Commissioner; provided, further, that if the term of the Commissioner expires within any extension period, it shall be necessary for the bank or trust company to secure the written approval of the succeeding Commissioner to continue to hold said real estate for a further period. Once the bank or trust company is no longer permitted to hold the real estate, the Commissioner shall require of the bank or trust company that the said real estate must be sold at a private or public sale within thirty (30) days of being informed of the Commissioner's requirement. For purposes of this section, ownership interests in oil, gas and other subsurface mineral rights other than mere leasehold interests shall be considered real estate; provided, however, notwithstanding the holding limitation of this section or any other provision contained herein, any bank or trust company which on October 15, 1982, held, directly or indirectly, any oil, gas and other subsurface mineral rights, other than mere leasehold interests, that since December 31, 1979, had not been valued on the books of such bank or trust company for more than a nominal amount, may continue to hold such subsurface rights or interests without limitation.

E. INVESTMENTS AND LOANS TO CORPORATION HOLDING BANK AND TRUST COMPANY PREMISES. Any bank or trust company organized under the laws of this state may invest its funds in the stocks, bonds, debentures or other such obligations of any corporation holding the premises of such bank or trust company, and may make loans to or upon the security of any such corporation, but the aggregate of all such investments and loans together with the investments provided

for in subsection A of this section shall not exceed the capital, surplus and undivided profits. This limitation may be exceeded upon the written approval of the Commissioner.

F. CONVEYANCE OF REAL ESTATE. Every conveyance of real estate and every lease thereof for a term of one (1) year or more, made by a bank or trust company, must have the name of such bank or trust company subscribed thereto, either by an attorney-in-fact, or by the president or a vice-president of such corporation, and such conveyance of real estate, except when executed by an attorney-in-fact, must be attested by the cashier, assistant cashier, secretary or assistant secretary of such corporation, with the seal of such corporation attached.

G. Nothing in this section shall preclude or limit in any manner, investments by a bank permitted under any other section of this Code.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 424 of Title 6, unless there is created a duplication in numbering, reads as follows:

Subject to rules and regulations promulgated by the Board, a state bank may utilize employees of the bank to originate loans at locations other than the main office or a branch office of such bank, provided that the loan decision is made and the loan is funded at the main office or a branch office of the bank. No other business shall be carried on at or from a loan production office.

SECTION 4. AMENDATORY 6 O.S. 1991, Section 806, is amended to read as follows:

Section 806. A. Definitions. (1) The term "political subdivision" includes a county, city, town or other municipal corporation, a public authority, and generally any publicly owned entity which is an instrumentality of the state or a municipal corporation.

(2) The phrase "general obligation" means obligations of the State of Oklahoma or a political subdivision thereof and of any other state or political subdivision thereof supported by the full faith and credit of the obligor. It includes all obligations payable from a special fund when the full faith and credit of a state or any political subdivision thereof is obligated for payment into the fund of amounts which will be sufficient to provide for all required payments in connection with the obligation. It implies an obligor possessing resources sufficient to justify faith and credit.

(3) The term "investment securities" means marketable obligations in the form of bonds, notes or debentures which are commonly regarded as investment securities. It does not include investments which are predominantly speculative in nature.

B. Investments. In addition to investments denominated as permissible by statute and to other investments authorized by the Oklahoma Banking Code, a bank may purchase for its own account:

(1) Obligations of the United States and obligations fully guaranteed by any instrumentality or agency of the United States; and obligations issued under the authority of the Federal Farm Loan Acts, as amended, and the Farm Credit Act of 1933 (Public, No. 75), as amended;

(2) General obligations of the State of Oklahoma or any political subdivision thereof;

(3) General obligations of any other state;

(4) General obligations of political subdivisions of any other state;

(5) Investment securities as defined in this section and as may be further defined by the regulations and rulings of the Commissioner.

With approval of the Commissioner, a bank may:

(a) Subscribe to, buy and own such stock of the Federal National Mortgage Association as required by the

federal act known as the National Housing Act as amended by Section 201 of Public Law No. 560, known as the Housing Act of 1954, or amendments thereto;

(b) Subscribe to, buy and own stock in any agricultural credit corporation or livestock loan company organized pursuant to the provisions of the laws of the United States providing for the formation and operation of agricultural credit corporations and livestock loan companies, in an amount not exceeding either the undivided profits or twenty percent (20%) of the capital stock and surplus and undivided profits from such bank, whichever is greater.

(c) Purchase for its own account shares of stock of a bank insured by the Federal Deposit Insurance Corporation if the stock of such bank is owned exclusively by other banks, except to the extent the law requires directors qualifying shares, and if such bank is engaged exclusively in providing banking services for other banks and their officers, directors, or employees, but in no event shall the total amount of such stock held by the association exceed at any time, ten percent (10%) of its capital stock and paid-in and unimpaired surplus, and in no event shall the purchase of such stock result in the association's acquiring more than five percent (5%) of any class of voting securities of such bank.

(d) Purchase for its own account shares of stock in small business investment companies in an aggregate amount not exceeding five percent (5%) of the capital and surplus of the bank and receive and retain the benefits of such stock ownership including stock dividends.

(e) Subscribe to, buy and own mortgages, obligations or other securities of the Federal Home Loan Mortgage Corporation which are or have been sold by the corporation pursuant to the Federal Home Loan Mortgage Act.

(f) Subscribe to, buy and own stock of the Federal Agricultural Mortgage Corporation issued pursuant to the Agricultural Credit Act of 1987 (Public Law 100-233) or amendments thereto, in an amount not exceeding either the undivided profits or twenty percent (20%) of the capital stock and surplus and undivided profits from such bank, whichever is greater.

(g) Purchase for its own account obligations of the Resolution Funding Corporation.

C. Limitations. (1) In no event shall the total amount of securities of any one obligor or maker held by the bank for its own account exceed at any time twenty percent (20%) of ~~its capital stock actually paid in and unimpaired and twenty percent (20%) of its unimpaired surplus fund~~ the capital, surplus and undivided profits of the bank or trust company. This limitation shall not apply to securities described and set forth in paragraphs (1), (2) and (3) of subsection B of this section.

(2) A bank may not purchase for its own account, in any amount, paving, sewer or other special improvement obligations that are payable from the proceeds of special assessments.

D. Underwriting. Except as to the securities described and set forth in paragraphs (1) and (2) of subsection B of this section, the business of dealing in securities and stocks by a bank shall be limited to purchasing and selling such securities and stocks, without recourse, solely upon the order and for the account of customers, and the bank shall not underwrite any issues of

securities or stocks except to the extent permitted and subject to the limitations of the Federal Deposit Insurance Corporation.

SECTION 5. AMENDATORY 6 O.S. 1991, Section 1109, is amended to read as follows:

Section 1109. A. 1. Any bank or savings association may sell to any other bank or savings association all, or substantially all, of the selling institution's assets and business; or all, or substantially all, of the assets and business of any department <u>or branch</u> of the selling institution.

2. Any trust company or bank or national banking association or savings association doing a trust business in this state may sell to any other trust company or bank or national banking association or savings association doing a trust business in this state all, or substantially all, of the assets and trust business or such trust company or bank or national banking association or savings association, or all, or substantially all, of the assets and business of any department <u>or branch</u> of the selling trust company or bank or national banking association or savings association.

B. 1. Any bank or savings association may, upon assuming the liabilities relating thereto, purchase all, or substantially all, of the assets and business of another bank or savings association, or all, or substantially all, of the assets and business of any department <u>or branch</u> of another bank or savings association.

2. Any trust company or bank or national banking association or savings association doing a trust business in this state may, subject to the requirements of subsection E of this section, purchase all, or substantially all, of the assets and business of another trust company or bank or national banking association or savings association doing business in this state, or all, or substantially all, of the assets and business of any department <u>or branch</u> of another trust company or bank or national banking

association or savings association doing a trust business in this state.

C. The agreement of purchase and sale shall be authorized and approved by the boards of directors of the purchasing and selling banks, trust companies, or national banking associations or savings associations, and authorized and approved by the vote of a majority of the stockholders of the purchasing and selling banks, trust companies, national banking associations and savings associations at meetings called for the purpose in like manner as meetings to approve mergers are called ~~and copies~~ pursuant to Section 1104 of this title. If the agreement of purchase and sale includes the transfer of a majority of the assets or the transfer of a majority of the deposits of a selling institution, the selling institution's stockholders shall be entitled to dissent in the same manner as provided in Section 1104 of this title. If the agreement of purchase and sale includes the purchase of assets which are greater than fifty percent (50%) of the purchasing institution's assets prior to the purchase, or includes the assumption of deposits which are greater than fifty percent (50%) of the purchasing institution's deposits prior to the purchase, the purchasing institution's stockholders shall be entitled to dissent in the same manner as provided in Section 1104 of this title. If the stockholders of an institution are hereby entitled to dissent, they shall receive notice of their right to dissent along with notice of the stockholders' meeting which is to consider the agreement of purchase and sale, in the same manner as provided in Section 1104 of this title with respect to mergers. Copies of the agreement of purchase and sale shall be filed with the Commissioner, accompanied by evidence of such stockholders' approval thereof in like manner as agreements of merger are filed. In any event if the Commissioner determines that the selling or purchasing institution's stockholders

should be entitled to dissent, then they may dissent in such manner as provided in Section 1104 of this title.

D. After ~~such~~ the approval required by subsection C of this section is given by the stockholders, a notice of such purchase and sale shall be published once a week for four (4) successive weeks in a newspaper of general circulation in the county in which the selling bank, trust company, national banking association, or savings association has its principal office. Proof of such publication shall be filed with the Department. The Commissioner may permit the requirement for publication of notice to be satisfied after the purchase and sale becomes effective if he determines that:

1. The selling bank, trust company, national banking association, or savings association is solvent, but either is close to insolvency or is experiencing a run on deposits;

2. The terms of the agreement of purchase and sale are essentially fair to the selling bank, trust company, national banking association, or savings association; and

3. The selling bank, trust company, national banking association, or savings association will remain solvent after the purchase and sale.

~~D.~~ E. Any deposit account or certificate of deposit which is unconditionally assumed by the purchasing institution pursuant to an agreement approved by the Commissioner, and which, after a depositor's preexisting accounts at the purchasing institution are added to the accounts assumed from the selling institution, is fully covered by the FDIC insurance limits at the purchasing institution, shall cease to be an obligation of the selling institution after the purchase and sale becomes effective. Notwithstanding any term of the purchase and sale agreement or of the contract of deposit, a deposit account, certificate of deposit or other creditor's account shall be deemed to be only conditionally assumed by the purchasing institution if:

1. The amount of a depositor's preexisting accounts at the purchasing institution, together with that depositor's accounts which are assumed from the selling institution, would exceed the purchasing institution's FDIC insurance limits; or

2. A depositor's or other creditor's claims against a selling institution and his loans from the selling institution are not simultaneously assumed by the purchasing institution so as to preserve a right of set-off. Any depositor or creditor of the selling institution whose business is conditionally sold has the right, after such sale:

a. upon payment of any indebtedness owing by him to the selling institution, to withdraw his deposit in full from the selling institution on demand; or

b. to exercise his right of set-off~~, unless by dealing with the purchasing institution with knowledge of the purchase he ratifies the transfer~~.

3. Notwithstanding the preceding language of paragraphs 1 and 2 of this subsection, after a person deals with the purchasing institution with knowledge of the purchase, such person's deposit or account shall no longer be deemed to be only conditionally assumed.

~~E.~~ F. 1. The agreement of sale may provide for the transfer to the purchasing institution, trust company, or national banking association of all fiduciary positions held by the selling institution, trust company, or national banking association. The purchasing institution, trust company, or national banking association shall enjoy all such positions and all rights, property, franchises, and interests, including any and all fiduciary positions to and for which the selling institution, trust company, or national banking association may have been appointed, nominated, or designated by any will, agreement, conveyance, or otherwise, whether or not such position is in effect at the time of the substitution, in the same manner and to the same extent as all such positions were

held and enjoyed by the selling institution, trust company, or national banking association.

2. The selling and purchasing institutions, trust companies, or national banking associations shall jointly file a petition with the district court of the county in which the main office of the selling institution, trust company, or national banking association is situated requesting that the purchasing institution, trust company, or national banking association be substituted, except as may be expressly excluded in such petition, in every fiduciary position of the selling institution, trust company, or national banking association. Such petition need not designate the fiduciary positions in which the requested substitution is to be made.

3. Upon the filing of such petition, the court shall enter an order setting the petition for hearing and shall direct that notice of the hearing be given in the manner provided in this subsection.

4. A copy of the order provided for in paragraph 3 of this subsection shall be published once a week for four (4) successive weeks in a newspaper of general circulation to be designated by the court and published in the county in which the petition was filed. If there is no newspaper published in such county, publication shall be made in a newspaper of general circulation in the State of Oklahoma designated by the court. Proof of publication shall be made in the same manner as proof of publication of summons is made.

5. The filing of such petition and the making and entering of such order and the giving of notice of such order as required by this subsection gives the court full jurisdiction of the trusts and all parties interested therein. The court having jurisdiction in such matter shall require the Commissioner to mail, by registered mail postage prepaid, a copy of such order to each living trustor of all private trusts in which such institution or trust company is trustee or to the then directly participating beneficiaries of all private trusts in which there is no living trustor. Such notice

shall be mailed to the last-known address of each such trustor or participating beneficiary as shown by or as may be ascertained by reasonably diligent efforts from the records of such institution or trust company. Proof of mailing shall be in such form as the court shall require.

6. The district court shall enter a single order substituting the purchasing institution, trust company, or national banking association in every fiduciary position to and for which the selling institution, trust company, or national banking association may have been appointed, nominated, or designated by any will, agreement, conveyance, or otherwise, whether or not such position is in effect at the time of the substitution, except as may be otherwise specified in such order, upon its finding as follows:

a. Notice of hearing the petition has been given as required by this subsection;

b. The purchasing institution, trust company, or national banking association is duly authorized to exercise trust and fiduciary powers in Oklahoma;

c. The selling and purchasing institutions, trust companies, or national banking associations are not directly or indirectly owned or controlled by the same holding company or multi-bank holding company, or, if the selling and purchasing institutions, trust companies, or national banking associations are directly or indirectly owned or controlled by the same holding company or multi-bank holding company, then the purchasing institution, trust company, or national banking association shall assume all trust liabilities of the selling institution, trust company, or national banking association; and

d. Such sale or transfer was not made in order to avoid any liability incurred by the selling institution, trust company, or national banking association.

7. Upon entry of such order, the purchasing institution, trust company, or national banking association shall, without further act, be substituted in every such fiduciary position, and such substitution may be evidenced by filing a certified copy of the order with the clerk of any district court in this state.

8. Notwithstanding the foregoing provisions of this subsection, the provisions of the instrument creating each fiduciary position subject to the agreement of sale shall control such succession, if such instrument so provides.

~~F.~~ G. Except as provided for in subsection ~~D~~ E of this section, no right against or obligation of the selling institution, trust company, or national banking association in respect of the assets or business sold shall be released or impaired by the sale until one (1) year from the last date of publication of the notice pursuant to subsection ~~C~~ D or ~~E~~ F of this section, but after the expiration of such year no action can be brought against the selling institution, trust company, or national banking association on account of any deposit, obligation, trust or asset transferred to or liability assumed by the purchasing institution, trust company, or national banking association.

SECTION 6. AMENDATORY 6 O.S. 1991, Section 1204, is amended to read as follows:

Section 1204. A. Sale of assets - Compromise and payment of claims. In liquidating a state bank the Commissioner may exercise any power thereof but he shall not, without the approval of the court in which notice of possession has been filed:

(1) Sell any asset of the bank having a value in excess of Five Hundred Dollars ($500.00) or such larger sum as may be determined by the court not exceeding One Hundred Thousand Dollars ($100,000.00);

(2) Compromise or release any claim if the amount of the claim exceeds Five Hundred Dollars ($500.00), exclusive of interest or such larger sum as may be determined by the court not exceeding One Hundred Thousand Dollars ($100,000.00); and

(3) Make any payment on any claim, other than a claim upon an obligation incurred by the Commissioner, before preparing and filing a schedule of his determinations in accordance with this title.

B. Lease of lands for oil and gas - Royalty - Manner of making lease - Dispensing with notice. The Commissioner is hereby authorized and empowered to lease for oil and/or gas purposes any land vested in the Commissioner as assets of insolvent state banks.

In making or executing any such lease the Commissioner shall retain and reserve a royalty of not less than one-eighth of the oil and/or gas produced from said land. Said lease shall be made in the same manner as now provided for the sale of other assets of state banks in the possession of the Commissioner.

C. Termination of bank's executory contracts. Within six (6) months of the commencement of liquidation, the Commissioner may by his election terminate any executory contract, including but not limited to contracts for services or advertising, to which the state bank is a party or any obligation of the bank as a lessee. A lessor who receives at least sixty (60) days' notice of the Commissioner's election to terminate the lease shall have no claim for rent other than rent accrued to the date of termination nor for damages for such termination, except on building or bank premises the lessor may receive damages not to exceed one (1) year's rent as provided in such lease.

D. Termination of banks' fiduciary positions. As soon after the commencement of liquidation as is practicable, the Commissioner shall take the necessary steps to terminate all fiduciary positions held by the state bank and take such action as may be necessary to surrender all property held by the bank as a fiduciary and to settle

its fiduciary accounts. Such fiduciary accounts may be transferred to another qualified corporate fiduciary in the same community by the Commissioner without assent of the parties, and notice of such transfer must be given by registered mail to the parties, and the manner of succession of trust powers and successor trustees shall follow the same procedure as set out in Section 1018 of this title.

E. Subrogation of insuring agency of United States. The right of any agency of the United States insuring deposits to be subrogated to the rights of depositors upon payment of their claims shall not be less extensive than the law of the United States requires as a condition of the authority to issue such insurance or make such payments to depositors of national banks.

F. Notice to depositors, creditors and safe deposit box lessees. Immediately on taking charge and within ten (10) days after taking possession, the Commissioner shall send notice of the liquidation to each known depositor, creditor and lessee of a safe deposit box and bailor of property held by the bank at the address shown on the books of the institution. The notice shall also be published in a newspaper of general circulation in the county in which the institution is located once a week for three (3) successive weeks. The Commissioner shall send with each notice a statement of the amount shown on the books of the institution to be the claim of the depositor or creditor, with all setoffs and any amounts due to the bank. The notice shall demand that property held by the bank as bailee or in a safe deposit box be withdrawn by the person entitled thereto; and the claim of a depositor or creditor, if the amount claimed differs from that stated in the notice to be due, be filed with the Commissioner within sixty (60) days from the date of the first publication of the notice of the taking of possession given by the Commissioner, in accordance with the procedure prescribed in the notice. The failure of any depositor, creditor or claimant to receive a notice, or observe the published

notice of the taking of possession by the Commissioner, shall not relieve such claimant of the obligation to file a claim, if the amount thereof differs from the amount found by the Commissioner. If no claim is filed by the claimant in the time specified, then the determination of the Commissioner shall be final and shall constitute the claim of that claimant.

G. Disposition of contents of unclaimed safe deposit boxes. Safe deposit boxes, the contents of which have not been removed before the date specified, shall be opened by the Commissioner. Sealed packages containing the contents of such box, with a certificate of inventory of contents, together with any unclaimed property held by the bank as bailee and certified inventories thereof, shall be held by the Commissioner and administered in accordance with the provisions of the Uniform Unclaimed Property Act (1981).

H. Determination of claims - Time therefor - Notification. The Commissioner shall:

(1) As soon as practical and within one hundred twenty (120) days from date of first publication of the notice of taking possession, determine the amount, if any, owing to each known creditor or depositor and the priority class of his claim under this title, and file such determination in the court in which notice of possession was filed;

(2) As soon as practical and within sixty (60) days from the date of filing, reject any claim if he doubts the validity thereof; and

(3) Notify each person whose claim has not been allowed in full, by mailing to his last-known address, as shown on the records of the bank, a notice of the time when and the place where the schedule of determinations will be available for inspection and the date when the Commissioner will file his schedule in court.

I. Disposition of contested claims. Within twenty (20) days after the filing of the Commissioner's schedule, any creditor, depositor or stockholder may file an objection to any determination made which adversely affects such objector. Any objections so filed shall be heard and determined by the court. The objection shall be, by the clerk of such district court, entered upon the docket of said court under the same number as other proceedings in connection with the liquidation of the insolvent bank. The Commissioner and interested claimants as the court determines shall be notified of such objection upon a ten-day notice and the matter shall be tried de novo. No person having a claim against an insolvent bank shall maintain action thereon except as herein provided.

J. Partial distribution of allowed claims. After filing his schedule the Commissioner shall, after establishing proper reserves for the payment of costs, expenses of liquidation and disputed claims, pay to any agency of the United States insuring deposits in the insolvent bank such sum as may be then available but not exceeding the amount paid out by such agency as such an insurer of deposits and accounts. The Commissioner may, from time to time, also make partial distribution to the holders of claims which are undisputed or have been allowed by the court, in the order of their priority as herein provided. The court supervising the liquidation shall direct, as soon as practicable after the establishment of an adequate and proper reserve for payment of disputed claims, costs and expenses of liquidation, that the Commissioner make a substantial partial pro rata distribution as will not interfere with orderly liquidation, to the holders of undisputed claims and those allowed by the court in the order of their priority, to the extent that there remains only the determination and settlement of disputed claims and the procedures of the final accounting and final distribution to be made by the Commissioner as herein provided.

K. Priority of claims - Payment - Cancellation - Claims when barred.

(1) The following claims shall have priority in the order herein specified:

(a) obligations incurred by the Commissioner, fees and assessments due to the Department, and all expenses of liquidation, all of which may be covered by a proper reserve of funds,

(b) the depositors having an approved claim against the general liquidating account of the bank,

(c) the general creditors having an approved claim against the general liquidating account of the bank,

(d) the claims otherwise proper which were not filed within the time prescribed herein, and

(e) the stockholders of the bank;

(2) No claim shall be entitled to interest thereon if it be paid within six (6) months after the first publication of notice of the taking of possession by the Commissioners; if paid after such period, then the unpaid balance of the claim shall be credited with interest at the rate of six percent (6%) per annum from the expiration of the said six (6) months until paid or finally canceled by exhaustion of all assets;

(3) All distributions declared in accordance herewith, which shall not be claimed within one (1) year, shall be canceled upon the order of the district court having jurisdiction of the liquidation of such insolvent bank, and the proceeds thereof returned to the general liquidating account of such insolvent bank. Provided, that notice of the application of the Commissioner to the district court for permission to cancel such unclaimed distributions shall be given by publication for two (2) successive weeks in a newspaper of general circulation in the county where the insolvent bank is located. The notice shall describe the unclaimed distributions

sought to be canceled, giving the name and location of the insolvent bank, the name of the payee and the amount and shall recite the Commissioner has filed an application in the designated district court for cancellation of such distributions and shall refer to the application for further particulars; and

(4) Any assets remaining after all partial distributions, after all claims have been paid, or ample provisions for reserves are made for payment thereof by the court, shall be distributed to the stockholders in accordance with their respective interests.

L. Disposition of unclaimed funds other than distributions. Unclaimed funds, other than unclaimed distributions, remaining after completion of the liquidation shall be retained by the Commissioner who shall administer them in accordance with the Uniform Unclaimed Property Act (1981).

M. ~~Quarterly~~ Annual reports - Final account - Release of Commissioner - Cancellation of charter.

(1) During the liquidation procedure the Commissioner and his agents and employees shall make a verified ~~quarterly~~ annual account, giving in detail a statement of all receipts and disbursements made from the assets in their possession. A copy of the ~~quarterly~~ annual report shall be filed with the court of the county and a hearing held thereon. Interested parties and the Board of Directors of the insolvent bank shall be given such notice as the court directs of the hearing and shall make such objections as they shall desire to the account; however, the failure to object at ~~a quarterly~~ an annual hearing shall not prejudice the right of any claimant or interested party to object to items of expense and proceedings in the liquidation upon the final account;

(2) When the assets have been distributed in accordance with this title, except unclaimed funds and content of safe deposit boxes held by the Commissioner, the Commissioner shall file a final account with the court. Notice of hearing upon the final account

shall be given of not less than ten (10) days nor more than thirty (30) days, by registered or certified mail, to all interested persons and to the board of directors of the insolvent bank and the notice shall be published for two (2) successive weeks in some newspaper of general circulation published in the county, showing the nature of the hearing, the date and time of the hearing and that such account is for final settlement of liquidating account of such insolvent bank;

(3) The final account shall reflect all the acts of the Commissioner as supported by ~~quarterly~~ annual reports and such necessary items to support the account, including distribution of such remaining cash to the stockholders in accordance with their interests and all other assets to the board of directors of the bank as liquidating agents for the stockholders under the Oklahoma General Corporation Act;

(4) The court shall hear all matters touching upon the final account, allow, reduce or reject any item of expense, and determine all matters before it. Any person aggrieved by the judgment of the court may appeal as in any other civil action; and

(5) Upon approval of the final account as settled by the court, the Commissioner shall be relieved of liability in connection with the liquidation and shall cancel the charter upon the record of the department.

SECTION 7. AMENDATORY 6 O.S. 1991, Section 1406, is amended to read as follows:

Section 1406. It shall be unlawful for a bank to receive any deposit ~~while~~ after the bank has been notified by its primary regulator that it is insolvent or for an officer, director or employee who knows or, in the proper performance of his duty, should know of the notification of such insolvency to receive or authorize the receipt of such deposit, if such deposit, when aggregated together with other funds held by the depositor in the same right

and capacity, would exceed the limit of federal deposit insurance coverage.

SECTION 8. AMENDATORY 6 O.S. 1991, Section 1417, is amended to read as follows:

Section 1417. A. Definitions. As used in this section:

1. "Bank" means any person having a state, national or foreign bank charter.

2. "Confusingly similar name" means:

a. as applied to the name of any bank, a name which is identical to that of any other bank located within the State of Oklahoma, or a name which:

(1) contains one or more of the following words with or without the words "State," "National," or "Trust": American, Central, Citizens, City, Commerce, Commercial, Community, Exchange, Farmers & Merchants, First, Guaranty, Oklahoma Peoples, Security or United;

(2) does not contain a geographical name (other than "Oklahoma") descriptive of the bank's immediate location (street, town, city, county or other local geographical name);

(3) does not contain other unique or clearly distinguishing words or marks; and

(4) is not a federally registered trade name, trademark or service mark owned by or licensed to the particular bank; or

b. as applied to the name of any person not a bank, a name which is confusingly similar in spelling or wording or sound to the name of any bank located anywhere within the State of Oklahoma, if such name would tend to suggest falsely to the public that the person is the bank or is affiliated with the bank,

directly or indirectly; provided, however, nothing contained in this subsection shall prohibit the use of a similar name by a corporation which is in a relationship to the bank of parent, subsidiary, brother-sister corporation or other commonly controlled company.

c. The Board shall promulgate rules and regulations which govern the use of "confusingly similar names" as defined in subparagraph a of this paragraph.

3. "Local media" means:

a. any newspaper, radio station or television station with its main office located in the same city or town in which a particular bank's main office is located; and

b. other means or media of advertising, including without limitation any outdoor signage on the bank's premises, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank, but only to the extent that any such advertising is strictly limited in geographical location or distribution to the same city or town (including the immediate surrounding unincorporated rural area) where the particular bank's main office is located.

B. It is unlawful for any bank having a confusingly similar name to advertise its name in Oklahoma (including without limitation by means of outdoor signage, newspaper, radio, television, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank) unless said advertising also conspicuously identifies the city or town where that bank has its main office; provided, however, this subsection shall not apply to a bank's advertising through local media.

C. It is unlawful for any bank having a full legal name which is not a confusingly similar name to use a shortened name for purposes of advertising within Oklahoma (including without limitation on outdoor signage, newspaper, radio, television, billboards, bulk mailings, and other solicitations to persons who are not customers of the bank) if that shortened name would be a confusingly similar name and if such advertising does not also conspicuously identify the city or town where that bank has its main office; provided however, this subsection shall not apply to a bank's advertising through local media.

D. It shall be unlawful for any bank which acquires another bank or other financial institution for one or more of its office or branches, by merger, purchase and assumption or otherwise, to continue to use the former name of the acquired institution or office, or similar name, for more than six (6) months after the date of acquisition, either on outdoor signage or in other advertising, unless such name is the legal name of the resulting bank; provided, however, nothing contained herein shall prohibit an acquiring bank from using a variation of the former name ~~(not containing the word "bank")~~ as a branch title if such variation is at all times used only in combination with the name of the acquiring bank (including the town or city where that bank has its main office) <u>and the word "branch"</u> on any outdoor signage or in other advertising.

E. It shall be unlawful for any person which is not a bank to use or advertise a confusingly similar name within the State of Oklahoma.

F. The Commissioner may issue an order in accordance with Section 204 of this title to any Oklahoma chartered bank or bank registered pursuant to Section 104 of this title, ordering such bank to cease violating the provisions of this section. This remedy shall be in addition to and not exclusive of the remedy provided in subsection G of this section.

G. Whenever any bank or other person shall use or advertise a name in violation of this section, the district court from which lawful service is obtained shall, upon suit by the Commissioner or any injured person, issue an injunction restraining such use or advertisement. Provided, that the Commissioner shall be deemed to be a necessary party to any suit brought pursuant to this section and any suit brought by the Commissioner pursuant to this section shall be properly brought as to both jurisdiction and venue, when brought in a county where the office of the Commissioner is located.

H. Advertisements which were in conformance with this section prior to ~~the effective date of this act~~ April 29, 1991, but are not now in conformance with subsections B and C of this section will not be considered to be in violation of the law for a ~~two-year~~ three-year period ~~following the effective date of this act~~ beginning April 29, 1991. This subsection shall not be interpreted to allow any bank to begin the advertisement of a confusingly similar name which it had not previously used or advertised prior to ~~the effective date of this act~~ April 29, 1991, but shall only serve to protect the advertisement of such names as are in lawful use as of ~~the effective date of this act~~ April 29, 1991.

SECTION 9. AMENDATORY 68 O.S. 1991, Section 812, is amended to read as follows:

Section 812. A. When the president or managing officer of a safe deposit company, trust company, bank, or other financial institution, or person or persons, holding securities or assets of a decedent receives actual notice, from the person or persons entitled or claiming to be entitled to the securities or assets, from a source deemed reliable by the safe deposit company, trust company, bank or other financial institution or from the Oklahoma Tax Commission, of the death of the decedent, such safe deposit company, trust company, bank or other financial institution in this state, or person or persons, holding securities or assets of a decedent shall

not deliver or transfer the same except as provided for in subsection (d) of Section 811 of this title, to the beneficiary or joint survivor, executor, administrator, or legal representatives of said decedent, or upon their order or request, unless notice of the time and place of such intended transfer be served upon the Oklahoma Tax Commission at least ten (10) days prior to the said transfer or delivery. No such safe deposit company, trust company, bank, or other financial institution, person or persons, shall deliver or transfer any securities or assets of the estate of a decedent except as provided for in subsection (d) of Section 811 of this title, without retaining a sufficient portion or amount thereof to pay any tax which may thereafter be assessed on account of the transfer of such securities or assets pursuant to the provisions of this article, unless the Oklahoma Tax Commission consents to such delivery or transfer in writing, and it shall be lawful for the Oklahoma Tax Commission, personally or by representative, to examine said securities or assets at the time of such delivery or transfer. Failure to serve such notice of transfer and to retain a sufficient portion of the amount to pay the tax provided for in this section, after having received actual notice of the death of the owner of any such securities or assets, shall render such safe deposit company, trust company, bank, or other financial institution, person or persons, liable for the payment of the tax. In all cases, regardless of the aggregate amount of deposits of money in any safe deposit company, trust company, bank, or other financial institution to the credit of the decedent and any other person or persons not the spouse or a lineal descendant of the decedent, as joint tenants, not more than Two Thousand Five Hundred Dollars ($2,500.00) may be released or paid out by such institutions without notifying the Oklahoma Tax Commission. From deposits of money in any safe deposit company, trust company, bank, or other financial institution, to the credit of the decedent and a lineal descendant as joint tenants, not

more than One Hundred Seventy-five Thousand Dollars ($175,000.00) in the aggregate may be released or paid out by such institutions ten (10) days after receipt of notification in writing to the Oklahoma Tax Commission. Any funds held jointly as a beneficiary with the surviving spouse only, without limit, may be released or paid out by such institutions without notifying the Tax Commission.

B. No safe deposit company, trust company, bank, or other financial institution, or an officer thereof, or person or persons holding securities or assets of a decedent, shall be held liable for the wrongful release of deposits within the limits of this section.

C. The restrictions of this section shall not be applicable to oil and gas producing monies, received after date of death, whether from royalties, working interests, overriding royalties or otherwise.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1600 of Title 6, unless there is created a duplication in numbering, reads as follows:

Sections 10 through 26 of this act shall be known and may be cited as the "International Bank Act".

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601 of Title 6, unless there is created a duplication in numbering, reads as follows:

Definitions. As used in the International Bank Act:

1. "Board" when used with an initial capital letter means the Banking Board of this state;

2. "Foreign country" means a country or sovereign government other than the United States and includes any colony, dependency, state or possession of such country or sovereign government other than the United States;

3. "International administrative office" means an office of an international banking corporation, which office exists for the purposes described in Section 17 of this act;

4. "International bank agency" means the international banking corporation with respect to all business or activities conducted in this state or through an office located in this state;

5. "International banking corporation" means a banking corporation organized and licensed under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands or, if organized and licensed under the laws of the United States of America, a banking corporation:

a. which is not a bank or bank holding company as defined in the federal Bank Holding Company Act, as amended, Sections 1841 through 1850 of Title 12 of the United States Code, and

b. which maintained, on July 1, 1981, as its only United States banking office, one state agency licensed by a state other than this state. The term "international banking corporation" includes, without limitation, a foreign commercial bank, foreign merchant bank or other foreign institution that is chartered by or that engages in banking activities usually in connection with the business of banking within the country or pursuant to the laws of the country where such foreign institution is organized or operating;

6. "Representative office" means a business location of a representative of an international banking corporation established for the purpose of acting in a liaison capacity with existing and potential customers of such international banking corporation and to generate new loans and other activities for such international banking corporation which is operating outside the state.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1602 of Title 6, unless there is created a duplication in numbering, reads as follows:

Applicability of state banking laws.

A. International bank agencies shall be subject to all the provisions of the Oklahoma Banking Code, the rules of the Oklahoma Banking Board, and the Oklahoma General Corporation Act as though such international bank agencies were state banks, except where it may appear, from the context, by rule duly promulgated by the Oklahoma Banking Board, by interpretation of the Commissioner, or otherwise, that such provisions are clearly applicable only to banks or trust companies organized under the laws of this state or the United States. Without limiting the foregoing general provisions, it is the intent of the Legislature that the Oklahoma Banking Board promulgate rules to be applicable to such banks or agencies. International bank agencies shall not have the powers, rights or privileges conferred on domestic banks by the provisions of Section 501.1 of Title 6 of the Oklahoma Statutes, relating to branches and facilities; Section 415 of Title 6 of the Oklahoma Statutes, relating to outside attached or detached facilities; and Section 71 of Title 62 of the Oklahoma Statutes, relating to depositories for public funds.

B. International bank agencies, with regard to assets located within this state, shall be subject specifically to the liquidation and receivership provisions of the Oklahoma Banking Code.

C. An international bank agency shall have no greater right under, or by virtue of, this section than is granted to banks organized under the laws of this state. Legal and financial terms used herein shall be deemed to refer to equivalent terms used by the country in which the international banking corporation is organized. However, all contracts or agreements which are negotiated in this state with Oklahoma residents shall be construed under Oklahoma law.

D. Nothing contained in the International Bank Act shall be construed as granting any authority, directly or indirectly, for any bank or bank holding company, the operations of which are conducted

principally outside this state, to operate a branch in this state or to acquire, directly or indirectly, any voting shares of, any interest in, or all or substantially all of the assets of any bank in this state.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603 of Title 6, unless there is created a duplication in numbering, reads as follows:

Applicability of the Oklahoma General Corporation Act.

Notwithstanding the definition of the term foreign corporation in Section 1130 of Title 18 of the Oklahoma Statutes, all of the provisions of the Oklahoma General Corporation Act not in conflict with the Oklahoma Banking Code which relate to the foreign corporations shall apply to all international bank agencies and representative offices doing business in this state.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604 of Title 6, unless there is created a duplication in numbering, reads as follows:

Requirements for carrying on banking business.

A. No international banking corporation may transact a banking business, or maintain in this state any office for carrying on such business, or any part thereof, unless such corporation has:

1. Been authorized by its charter to carry on such business and has complied with the laws of the country under which it is chartered;

2. Furnished to the Board such proof as to the nature and character of its business and as to its financial condition as the Board may require;

3. Filed with the Board a certified copy of that information required to be supplied to the Secretary of State by those provisions of the Oklahoma General Corporation Act which are applicable to foreign corporations;

4. Paid to the Board a nonrefundable application fee in an amount set by the Board; and

5. Received a license duly issued to it by the Commissioner.

B. The Commissioner may not issue a license to an international banking corporation unless:

1. It is chartered in a jurisdiction in which any bank having its principal place of business in this state may establish similar facilities or exercise similar powers; or

2. Under the Federal International Banking Act of 1978, the Comptroller of the Currency of the United States could issue a license to the corporation to operate a federal agency without considering whether the international banking corporation is chartered in a jurisdiction in which any bank having its principal place of business in this state may establish similar facilities or exercise similar powers.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1605 of Title 6, unless there is created a duplication in numbering, reads as follows:

Application for license; approval or disapproval.

A. Every international banking corporation, before being licensed by the Commissioner to act in a liaison capacity or to transact a banking business in this state, or before maintaining in this state any office to carry on such business or any part thereof, shall subscribe and acknowledge, and submit to the Board a separate application which shall state:

1. The name of such international banking corporation;

2. The location by street and post office address and county where its business is to be transacted in this state and the name of the person who shall be in charge of the business and affairs of such agency or representative office;

3. The location where its initial registered office will be located in this state;

4. The amount of its capital actually paid in and the amount subscribed for and unpaid; and

5. The total amount of the capital accounts of such international banking corporation, which must be at least Twenty-five Million Dollars ($25,000,000.00) for the establishment of an international bank agency and Ten Million Dollars ($10,000,000.00) for the establishment of a representative office; and a complete and detailed statement of its financial condition as of a date within one hundred eighty (180) days prior to the date of such application, except that the Board in its discretion may, when necessary or expedient, accept such statement of financial condition as of a date the Board determines to be acceptable. The Board in its discretion may, when necessary or expedient, require an opinion audit or the equivalent.

B. The Board may disallow any illegally obtained currency, monetary instruments, funds, or other financial resources from the capitalization requirements of this section.

C. Notwithstanding the provisions of paragraph 5 of subsection A of this section, the Board may approve such application if:

1. The international corporation has been in the business of banking for at least ten (10) years and has been empowered under the laws of the country in which it is organized and licensed to receive deposits without restriction from the general public and to engage in such other activities as are usual in connection with the business of banking in the country where such foreign institution is organized and licensed;

2. The international banking corporation is ranked by the banking or supervisory authority of the country in which it is organized and licensed as one of the five largest banks in that country in terms of domestic deposits, as of the date of the statement of its financial condition as required by paragraph 5 of subsection A of this section; and

3. The Board received a certificate issued by the banking or supervisory authority of the country in which the international banking corporation is organized and licensed stating that the international banking corporation is duly organized and licensed and lawfully existing in good standing, and is empowered to conduct a general banking business.

Provided, the Board may specify such other conditions as it may deem appropriate, considering the public interest, the need to maintain a sound and competitive banking system, and the preservation of an environment conducive to the conduct of an international banking business in the state.

D. At the time such application is submitted to the Board, such corporation shall also submit a duly authenticated copy of its articles and an authenticated copy of its bylaws, or an equivalent thereof satisfactory to the Board. Such corporation shall also submit a certificate issued by the banking or supervisory authority of the country in which the international banking corporation is organized and licensed stating that the international banking corporation is duly organized and licensed and lawfully existing in good standing and has not been convicted of, or plead guilty or nolo contendere to, a violation of any currency transaction reporting or money laundering law which may exist in the country.

E. Application shall be made on a form prescribed by the Board and shall contain such information as the Board may require.

F. The Board may, in its discretion, approve or disapprove the application, but shall not approve such application unless, in its opinion, the applicant meets each and every requirement of the International Bank Act and of all other applicable provisions of the Oklahoma Banking Code. In the processing of applications, the time limitations under the Administrative Procedures Act shall not apply as to approval or disapproval of the application.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1606 of Title 6, unless there is created a duplication in numbering, reads as follows:

Licenses; permissible activities.

A. An international banking corporation licensed to operate an international bank agency, representative office, or administrative office may engage in the business authorized by the International Bank Act at the office specified in such license for such period as is provided in subsection B or subsection C of this section. No international bank agency, representative office, or administrative office may have more than one place of doing business; provided, nothing in this section or elsewhere in the Oklahoma Statutes shall be construed to prevent an international banking corporation from operating more than one international bank agency or representative office, each at a different place of business, provided each such agency or representative office is separately licensed. No license to operate an international bank agency, representative office, or administrative office is transferable or assignable. Every such license shall be, at all times, conspicuously displayed in the place of business specified therein.

B. Except as provided in subsection C of this section, a license to operate an international bank agency, representative office, or administrative office shall be valid for a period of one (1) year, unless such license is suspended or revoked. Such license may be renewed annually upon application to the Board, upon forms available for that purpose, within thirty (30) days prior to the expiration of the license. Such license may be renewed by the Board, in its discretion, upon its determination, with or without examination, that the international banking corporation is in a safe and sound condition and has complied with all requirements of law with respect to the international bank agency, representative office, or administrative office; that such renewal of the license

will not be detrimental to the public interest; and that the renewal has been duly authorized by proper corporate action. Each application for renewal of an international bank agency license shall be accompanied by an annual renewal fee in an amount set by rule of the Board.

C. Notwithstanding the provisions of subsection B of this section, the Board may, in its discretion, issue a license for an indefinite period if it finds that the international banking corporation has satisfied the requirements for renewal of its license and has held a license for the previous three (3) years. A license issued for an indefinite period shall be valid without renewal unless suspended or revoked. An international banking corporation that is granted a license for an indefinite period shall file with the Board such annual financial statements as the Board may require and shall pay an annual fee equal in an amount to be set by rule of the Board. Such annual fee shall be paid in January of each year.

D. An international banking corporation which proposes to terminate the operations of its international bank agency, representative office, or administrative office shall comply with such procedures as the Board may prescribe by rule to ensure an orderly cessation of business in a manner which is not harmful to the public interest and shall surrender its license to the Board.

E. An international banking agency, representative office, or administrative office license may be suspended or revoked by the Board, with or without examination, upon a determination that the international banking corporation does not meet all requirements for original licensing or any of the criteria established by subsection B of this section for renewal of a license.

F. In the event any such license shall be suspended or revoked by the Board, or the renewal thereof shall be refused by the Board, all rights and privileges of the international banking corporation

to transact the business thus licensed shall forthwith cease, and such license shall be surrendered to the Board within twenty-four (24) hours after the Board has mailed or personally delivered written notice of such decision. The notice may be personally delivered to any officer, director, employee, or agent of the corporation who is physically present in this state.

G. An international banking corporation licensed under the terms of the International Bank Act is authorized to transact only such limited business in this state as is clearly related to, and is usual in, international or foreign business and financing international commerce. No such international banking corporation may exercise fiduciary powers. An international banking corporation may furnish such investment advisory services as it may be authorized to render under rules adopted by the Board with respect to nonresident entities or persons whose principal places of business or domicile are outside the United States. No such international banking corporation may receive deposits in this state except:

1. Deposits from nonresident entities or persons whose principal places of business or domicile are outside the United States;

2. Interbank deposits, interbank borrowing, or similar obligations; and

3. International banking facility deposits as defined by rule of the Board.

An international banking corporation may maintain in this state, for the account of others, credit balances necessarily incidental to, or arising out of, the exercise of its lawful powers. Such credit balances may be disbursed by check or other draft; however, the Board shall by rule provide appropriate limitations upon such disbursement to ensure that credit balances are not functionally equivalent to demand deposits.

H. Notwithstanding any provision of the International Bank Act or the Oklahoma Banking Code to the contrary, an international banking corporation licensed under the International Bank Act as an international bank agency may, if authorized by rules of the Board, make any loan or investment or exercise any power which it could make or exercise if it were operating in this state as a federal agency under the federal International Banking Act of 1978. The Board shall, when promulgating such rules, consider the public interest and convenience and the need to maintain a sound and competitive state banking system. Unless otherwise provided by statute, an international bank agency may not exercise any powers that a federal agency is not authorized to exercise.

I. Notwithstanding the provisions of subsections G and H of this section, any banking corporation organized and existing under the laws of any other state and licensed pursuant to the provisions of this chapter shall engage only in those activities permissible for an Edge Act corporation organized under Section 25(a) of the Federal Reserve Act, as amended, 12 U.S.C., Sections 611 through 632.

J. It is the intent of the International Bank Act that an international bank agency may not be a "state branch" or a "federal branch", as those terms are defined in the federal International Banking Act of 1978, and neither a foreign bank as defined in such federal act nor an international banking corporation may establish or operate any such branch in this state.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607 of Title 6, unless there is created a duplication in numbering, reads as follows:

International administrative offices.

A. Any international banking corporation having capital accounts in excess of Twenty-five Million Dollars ($25,000,000.00) may establish one office in this state for the purposes of:

1. Administering its personnel and operations outside the United States;

2. Engaging in data processing and recordkeeping with respect to its international transactions; and

3. Negotiating, approving, or servicing international loans or extensions of credit.

B. An office established pursuant to the provisions of this section may not engage in any activity except those activities set forth in subsection A of this section.

C. An office established in accordance with the provisions of this section does not require a certificate of authority to do business pursuant to Sections 301 through 313 of Title 6 of the Oklahoma Statutes, nor shall it be deemed a branch pursuant to Section 501.1 of Title 6 of the Oklahoma Statutes.

D. An international banking corporation establishing an office in accordance with the provisions of this section is subject to the provisions of subsection A of Section 14 of this act and subsections A through D of Section 16 of this act, except that the nonrefundable application fee to be set by rule of the Board shall be no less than Two Thousand Five Hundred Dollars ($2,500.00) and the annual renewal fee shall be no less than Two Hundred Fifty Dollars ($250.00).

E. The Board shall conduct regular examinations of any office established in accordance with the provisions of this section. Such examinations shall be conducted primarily for the purpose of determining compliance with the provisions of this section and the Board's rules concerning any international banking corporation having an international administrative office in this state.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608 of Title 6, unless there is created a duplication in numbering, reads as follows:

Asset maintenance or capital equivalency.

A. Each international bank agency shall hold, in this state, assets which bear such relationships as the Board shall by rule prescribe to the aggregate liabilities of the international bank agency payable in this state or resulting from the operations of the international bank agency. The amount of such assets shall be equal to not less than one hundred five percent (105%) of the amount of such liabilities. However, the Board by rule may reduce the required amount of assets to not less than one hundred percent (100%) of the amount of such liabilities. When promulgating any such rule, the Board shall take into account the objective of maintaining a sound banking system in this state. The assets shall be maintained as cash on hand; as cash on demand deposit with other banks, including the total amount of any reserves deposited with other banks, including the total amount of any reserves deposited at a federal reserve bank; as cash items in process of collection; as earning assets such as federal funds sold, bonds, notes, debentures, drafts, bills of exchange, acceptances, loan participation certificates, or other evidences of indebtedness payable in the United States or in the United States funds or, with the prior approval of the Board, in funds freely convertible into United States funds; in such other form as the Board may specify by rule; or as any combination of the foregoing. The term "assets" as used in this subsection excludes accrued income and amounts due from other offices or branches of, and wholly owned (except for a nominal number of directors' shares) subsidiaries of, the international banking corporation in question. The term "liabilities" as used in this subsection excludes accrued expenses and amounts due and other liabilities to branches, offices, agencies, and wholly owned (except for a nominal number of directors' shares) subsidiaries of the international banking corporation in question, and such other liabilities as the Board may specify by rule. In lieu of holding

such assets, the Board may by rule permit an international bank agency to:

1. Maintain on deposit with a bank in this state, in such amounts as the Board specifies, dollar deposits or investment securities of the type that may be held by a state bank for its own account pursuant to Section 806 of Title 6 of the Oklahoma Statutes. The aggregate amount of dollar deposits and investment securities for an international bank agency shall, at a minimum, equal the greater of:

(a) One Million Five Hundred Thousand Dollars ($1,500,000.00), or

(b) Five percent (5%) of the total liabilities of the international bank agency, excluding accrued expenses and amounts due and other liabilities to branches, offices, agencies, and wholly owned (except for a nominal number of directors' shares) subsidiaries of the international banking corporation of which the agency is part. The Board shall prescribe by rule the deposit, safekeeping, pledge, withdrawal, recordkeeping, and other arrangements for funds and securities maintained under the provisions of this paragraph. The deposits and securities used to satisfy the capital equivalency requirements of this paragraph shall be held, to the extent feasible, in a state or national bank located in this state or in a federal reserve bank; or

2. Maintain other appropriate reserves, taking into consideration the nature of the business being conducted by the Oklahoma international bank agencies of the international banking corporation.

The securities or reserves required by the provisions of this section shall be held, to the extent feasible, in a state or national bank located in this state.

B. For the purposes of this section, the Board shall value marketable securities at book value; shall have the right to determine the value of any nonmarketable bond, note, debenture, draft, bill of exchange, or other evidence of indebtedness or of any other obligation held by or owned to the international banking corporation in this state; and, in determining the amount of assets for the purpose of computing the above ratio of assets to liabilities, shall have the power to exclude any particular assets.

C. If by reason of the existence or the potential occurrence of unusual or extraordinary circumstances, the Board deems it necessary or desirable for the maintenance of a sound financial condition, the protection of creditors and the public interest, and the maintenance of public confidence in the business of the international bank agency of the international banking corporation, the Board may reduce the credit balances with unaffiliated banking institutions outside this state and may require such international banking corporation to deposit, in accordance with such rules as the Board shall from time to time promulgate, the assets required to be held in this state pursuant to this section with such bank or trust company existing under the laws of this state as such international banking corporation may designate and the Board may approve.

D. For the purposes of this section, international banking facility deposits and borrowings shall be excluded from the total liabilities and assets of an international banking corporation. Except as otherwise provided by rule, international banking facility extensions of credit are eligible assets for the purposes of asset maintenance pursuant to subsection A of this section.

E. Each international bank agency shall file such reports with the Board as the Board shall by rule require to determine compliance with the provisions of this section.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609 of Title 6, unless there is created a duplication in numbering, reads as follows:

Certification of capital accounts.

Before opening an office in this state, and annually thereafter so long as a bank office is maintained in this state, an international banking corporation licensed pursuant to the International Bank Act shall certify to the Board the amount of its capital accounts, expressed in the currency of the country of its incorporation. The dollar equivalent of these amounts, as determined by the Board, shall be deemed to be the amount of its capital accounts.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1610 of Title 6, unless there is created a duplication in numbering, reads as follows:

Lending limits.

A. The Board shall by rule prescribe the limits of drafts or bills of exchange which an international bank agency may accept relative to the capital accounts of the international banking corporation. These limits shall take into account all transactions which are included and excluded in computing the lending limit for acceptances of a federal agency licensed under the federal International Banking Act of 1978, as amended.

B. The provisions of Section 802 of Title 6 of the Oklahoma Statutes, except to the extent it is inconsistent with Section 15 of this act or the provisions of this section, shall apply to the loans and investments made by any international bank agencies of the international banking corporation. As used in such sections with respect to an international banking corporation and its

international bank agencies, the term "capital accounts" shall be deemed to refer to the capital and surplus of the international banking corporation, and, except when used with reference to capital accounts, the term "bank" shall be deemed to refer to the international bank agencies of the international banking corporation which are licensed in this state.

C. Any limitation in this section based on the capital accounts of an international banking corporation shall be deemed to refer, with respect to an international bank agency in this state, to the dollar equivalent of the capital accounts of the international banking corporation, as determined by the Board. If the international banking corporation has more than one international bank agency in this state, the business transacted by all such agencies shall be aggregated in determining compliance with a limitation or restriction in this section.

D. With the prior written approval of the Commissioner, the capital notes and capital debentures of an international banking corporation may be treated as capital in computing the limitations referred to in this section.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1611 of Title 6, unless there is created a duplication in numbering, reads as follows:

Reports and records.

A. Every international banking corporation doing business in this state shall, at such times and in such form as the Board shall prescribe, make written reports in the English language to the Board, under the oath of one of its officers, managers, or agents transacting business in this state, showing the amount of its assets and liabilities and containing such other matters as the Board shall prescribe. If any such international banking corporation shall fail to make any such report, as directed by the Board, or if any such report shall contain any false statement knowingly made, the same

shall be grounds for revocation of the license of the international banking corporation.

B. Each international banking corporation which operates an international bank agency licensed under the International Bank Act shall cause to be kept, at its place of business in this state, correct and complete books and records of account of its business operations transacted by such agency in the manner as required by law for state banks. Such agencies shall also keep current copies of the charter and bylaws of the international banking corporation, relative to the operations of the agency, and minutes of the proceedings of its directors or committees relative to the agency business. Such records shall be kept in the same manner as required by law for state banks and shall be made available to the Board, upon request, at any time during regular business hours of the agency. Any failure to keep such records as aforesaid or any refusal to produce such records upon request by the Board shall be grounds for suspension or revocation of any license issued under the International Bank Act.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1612 of Title 6, unless there is created a duplication in numbering, reads as follows:

Conversion from a federal agency to a state chartered agency and the reverse.

A. An international banking corporation desiring to convert its existing federal agency or representative office into a state chartered agency or representative office shall submit to the Board an application, on a form the Board shall provide, accompanied by nonrefundable application fees as may be set by the Board. An examination and investigation may be conducted to the extent determined necessary by the Board. The cost of any such examination shall be paid by the applicant.

B. Nothing in the laws of this state shall restrict the right of a state chartered agency or representative office which has paid its fee to convert to a federal agency or representative office upon compliance with the laws of the United States. Upon completion of any such conversion, the state charter shall automatically terminate and shall be surrendered to the Board.

C. An international banking corporation desiring to convert its existing state chartered representative office to a state chartered agency or its existing state chartered agency to a state chartered representative office shall submit to the Board an application on a form the Board shall provide. An application to convert to an agency shall be accompanied by all of the information and documents that the state requires applicants for an agency to submit and by a nonrefundable application fee in an amount to be set by rule of the Board. A nonrefundable application fee in an amount to be set by rule of the Board shall accompany an application to convert to a representative office.

D. An international banking corporation desiring to convert from a federal agency or representative office into a state chartered agency or representative office, or from its existing state chartered representative office to an agency, shall be required to meet the minimum criteria of the particular type of state chartered institution into which it is converting as well as any other criteria or conditions required by rule or order of the Board.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1613 of Title 6, unless there is created a duplication in numbering, reads as follows:

Dissolution.

A. In the event an international banking corporation which is licensed to maintain an international bank agency in this state is dissolved, or its authority or existence is otherwise terminated,

canceled, or suspended in the jurisdiction of its incorporation, oral notice by telephone of such event shall be given to the Commissioner, deputy commissioner or Board legal counsel, within twelve (12) hours of such event.

B. A certificate of the official who is responsible for records of banking corporations of the jurisdiction of incorporation of such international banking corporation, attesting to the occurrence of any such event, or a certified copy of an order or decree of a court of such jurisdiction directing the dissolution of such international banking corporation, the termination of its existence, or the cancellation of its authority, shall be delivered within two (2) days by the corporation or its officers and directors last appearing in the records of the Board to the Board. The filing of the certificate, order, or decree shall have the same effect as the revocation of the license of such international banking corporation as provided in Section 16 of this act.

C. Refusal or neglect of any said officer or director to comply with this section shall render him liable for an administrative violation and subject to a fine of not more than One Thousand Dollars ($1,000.00) for each day of such refusal or neglect.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1614 of Title 6, unless there is created a duplication in numbering, reads as follows:

Representative offices; limitations; licenses; fees.

No representative office shall conduct any banking business in this state. Each representative office shall be licensed by the Board, shall provide the Board with such information as the Board, by rule, deems necessary, and shall pay an initial nonrefundable application fee and an annual renewal fee, both of which shall be set by the Board.

SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1615 of Title 6, unless there is created a duplication in numbering, reads as follows:

Rules; exemption from economic impact statement requirements.

In addition to any other rulemaking authority it has under the Oklahoma Banking Code, the Board is authorized to promulgate reasonable rules which it deems advisable for the administration of international banking corporations under the International Bank Act in the interest of protecting depositors, creditors, borrowers, or the public interest and in the interest of maintaining a sound banking system in this state. Because of the difficulty in obtaining economic data with regard to such banks, no economic impact statement shall be required in connection with said rules.

SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1616 of Title 6, unless there is created a duplication in numbering, reads as follows:

Foreign travel expenses.

A. Fees, assessments and reimbursements of actual expenses by the department and department representatives shall be set by rule of the Board which shall, in all cases, be no less than that for state banks.

B. If foreign travel is deemed necessary by the department to effectuate the purposes of the International Bank Act, representatives of the department shall be reimbursed for actual, reasonable, and necessary expenses incurred in such foreign travel.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 657.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. All intangible property, including but not limited to securities, principal, interest, dividends or other earnings thereon, less any lawful charges, held by a business association, federal, state or local government or governmental subdivision,

agency or entity, or any other person or entity, regardless of where the holder may be found, if the owner has not claimed such property or corresponded in writing with the holder concerning the property within three (3) years after the date prescribed for payment or delivery by the issuer, unless the holder is a state that has taken custody pursuant to its own unclaimed property laws, in which case no additional period of holding beyond that of such state is necessary hereunder, is presumed abandoned and subject to the custody of this state as unclaimed property if:

1. The last-known address of the owner is unknown; and

2. The person or entity originating or issuing the intangible property is this state or any political subdivision of this state, or is incorporated, organized, created or otherwise located in this state.

B. The provisions of subsection A of this section shall not apply to property which is or may be presumed abandoned and subject to the custody of this state pursuant to any other provision of law containing a dormancy period different than that prescribed in subsection A of this section.

C. The provisions of subsection A of this section shall apply to all property held at the time of the effective date of this act, or at any time thereafter, regardless of when such property became or becomes presumptively abandoned.

SECTION 28. This act shall become effective July 1, 1992.

SECTION 29. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

43-2-2167 JY