

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 1101

By: Bryant (John)

COMMITTEE SUBSTITUTE

An Act relating to banking; amending 6 O.S. 1991, Section 501.1, which relates to branch banking; authorizing certain account transactions at institutions of higher education; updating statutory references; 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 501.1, is amended to read as follows:

Section 501.1 A. Definitions. As used in this section:

1. "Bank" means any bank chartered under the laws of this state or any national bank which is authorized to engage in the banking business and is located in this state.

2. "Branch" means any place of business separated from the main office of a bank at which deposits are received, or checks paid, or money lent.

3. "Main Bank" means the office location which has been designated by the State Banking Commissioner or Comptroller of the Currency as the main office of a bank.

4. "Main office" means either the main bank or the main office location of a savings association.

5. "Savings association" means any savings and loan association or savings bank chartered under the laws of this state or any federal savings and loan association or savings bank which is authorized to engage in the savings and loan business and is located in this state.

6. "Savings association branch" means any place of business separated from the main office of a savings association at which deposits are received, or checks paid, or money lent.

B. Authorization to establish branches.

1. Any bank may establish and perform any banking function at no more than two branches on property owned or leased by the bank as follows:

- a. located within the corporate city limits where the main bank is located; or
- b. located within twenty-five (25) miles of the main bank if located in a city or town which has no state or national bank located in said city or town; provided however, if an application for a bank charter has been filed, the State Banking Board shall give priority to the charter application.

2. Neither the Board nor the Comptroller of the Currency shall grant a certificate for any branch unless it is more than three hundred thirty (330) feet from any main bank or branch in counties with a population of five hundred thousand (500,000) or more according to the 1980 Federal Decennial Census unless the branch is established with the irrevocable consent of such other bank. This distance limitation shall be determined by measuring along a straight line drawn between the nearest exterior wall of the appropriate main bank building or branch building and the nearest exterior wall of the branch bank or facility.

3. If at the time of acquisition of a bank pursuant to subsection 6 D of this section no other state or national bank was located in the same city or town as the acquired bank, the Board or the Comptroller of the Currency shall not grant any other bank a certificate to establish a branch within such city or town for a period of five (5) years after the acquisition and operation of the branch.

C. Authorization to accept deposits at institutions of higher education. Any main bank, branch bank or savings association located in a county where an institution of higher education is located may open accounts and accept deposits for not to exceed

three (3) days per year on the campus of the institution of higher education at an institution-sponsored event if permission is granted by the institution.

D. Authorization to branch by acquisition. Subject to the limitations in subsection ~~D~~ E of this section, any bank may acquire and operate as branches of the bank at which any banking function may be performed an unlimited number of banks or savings associations or bank branches or savings association branches without restriction on location. Any such acquisition of a bank or savings association may include all of the assets and liabilities of the bank or savings association and all branches and facilities thereof which have been established prior to the date of the acquisition as determined by the Board or the Comptroller of the Currency.

If a bank or savings association acquired pursuant to this subsection had no outside-attached facilities or detached facilities permitted under Section 415 of this title or Section ~~21~~ 381.24b of ~~this act~~ Title 18 of the Oklahoma Statutes at the time of acquisition, the acquiring bank may establish such facilities after the acquisition.

~~D.~~ E. Deposit limitation.

1. It shall be unlawful for any bank to acquire any other bank or savings association in Oklahoma or any portion of its assets if such acquisition would result in the bank having direct or indirect ownership or control of more than eleven percent (11%) of the aggregate deposits of all financial institutions located in Oklahoma which have deposits insured by the Federal Deposit Insurance Corporation, and National Credit Union Administration as determined by the Commissioner on the basis of the most recent reports of such institutions to their supervisory authorities which are available at the time of the proposed acquisition.

2. The deposit limitation provided for in this subsection shall not apply to disallow an acquisition of a bank or savings association if control results only by reason of ownership or control of shares of a bank or savings association acquired directly or indirectly:

- a. in a good faith fiduciary capacity, except when such shares are held for the benefit of the acquiring bank's shareholders; or
- b. by a bank in the regular course of securing or collecting a debt previously contracted in good faith; or
- c. at the request of or in connection with the exercise of regulatory authority for the purpose of preventing imminent failure of the bank or savings association or to protect the depositors thereof as determined by the principal supervisory agency in its sole discretion.

Provided, however, at the end of a period of five (5) years from the date of acquisition, for the circumstances set forth in subparagraphs b and c of this paragraph, the deposits of the acquired bank or savings association shall be included in computing the deposit limitation and if deposits are in excess, appropriate reductions and disposition shall be made within six (6) months to meet such limitations. Further, in the circumstances set forth in subparagraph c of this paragraph, the Commissioner and the Federal Deposit Insurance Corporation shall give priority in authorizing any such acquisition to any acquiring bank whose total deposits do not exceed the deposit limitation.

~~E.~~ F. Authorized acquisitions. Subject to the limitations in subsection ~~D~~ E of this section, a bank for which the application for charter was granted after December 31, 1986, shall not be acquired by a bank and operated as a branch until such bank has been in existence and continuous operation for a period of more than five (5) years. Provided, however, the provisions of this subsection shall not prevent a bank from acquiring a bank to be operated as a branch whose charter was granted for the purpose of:

1. Purchasing the assets and assuming the liabilities of a bank closed by the Commissioner or the Comptroller of the Currency due to insolvency or impairment of capital; or

2. Acquiring or merging with an existing bank with an interim bank charter in accordance with the laws of this state or of the United States.

~~F.~~ G. Certificate to establish and operate a branch.

1. No bank shall be permitted to establish or operate a branch except upon certificate issued by the Board or Comptroller of the Currency.

2. The application for a certificate to establish or operate a branch of a state bank shall comply with the regulations of the Board. Within thirty (30) days after receipt of the application, the Commissioner shall report the results of his investigation to the Board. Notice of hearing on the application shall be given in compliance with Section 306.1 of ~~Title 6 of the Oklahoma Statutes~~ this title. Within twenty (20) days after the conclusion of the hearing, the Board, in its sole discretion, shall approve or deny the application and shall notify the applicant of its decision. An application fee may be assessed in an amount set by rule of the Board, not to exceed the fee amount set by the Comptroller of the Currency for national bank branch applications.

~~G.~~ H. Right to operate and maintain facilities. The provisions of this section shall not be construed in derogation or denial of the right to operate and maintain facilities as provided for in Sections 421 and 422 of ~~Title 6 of the Oklahoma Statutes~~ this title.

~~H.~~ I. Sanctions. A violation of any portion of this section, upon conviction, shall be a misdemeanor punishable by a fine not exceeding Five Hundred Dollars (\$500.00). Each day's violation shall constitute a separate offense.

SECTION 2. This act shall become effective August 1, 1993.

SECTION 3. 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.

