ENROLLED HOUSE
BILL NO. 1454

By: Weaver, Deutschendorf and Cox of the House

and

Dickerson of the Senate

An Act relating to banks and trust companies; amending 6 O.S. 1991, Section 201, as last amended by Section 2, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 201), which relates to officers and employees of Banking Department; updating certain references; clarifying certain responsibilities of State Banking Commissioner; amending 6 O.S. 1991, Section 202, as amended by Section 1, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 202), which relates to the Banking Board; clarifying Banking Board qualifications; updating certain references; amending 6 O.S. 1991, Section 207, which relates to judicial review of orders of the Banking Board or State Banking Commissioner; updating certain reference; providing for jurisdictional prerequisites; providing for certain bond to perfect appeal; providing for certain assessment against bond; amending 6 O.S. 1991, Section 208, as amended by Section 3, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 208), which relates to records of the Banking Department; deleting certain definitions and requirements concerning compliance review documents; amending 6 O.S. 1991, Section 209, as amended by Section 4, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 209), which relates to examinations and reports; updating certain references; deleting certain publishing requirement; clarifying certain language; amending 6 O.S. 1991, Section 211, as amended by Section 4, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 211), which relates to fees and assessments for examination of banks; clarifying certain assessment by Banking Board; permitting Banking Board to establish certain assessment limitation; clarifying funds in which certain fees and assessments are deposited; amending 6 O.S. 1991, Section 214, which relates to preservation and reproduction of bank and trust company records; updating certain reference; allowing for storage by electronic imaging; amending 6 O.S. 1991, Section 218, which relates to transfer of stock or controlling interest; updating certain reference; providing for notice of change in control of bank holding company; amending 6 O.S. 1991, Section 313, which relates to certificates of authority; updating certain references; authorizing Banking Board to establish certain rules allowing State Banking Commissioner certain powers; requiring certain criteria to be established;

amending 6 O.S. 1991, Section 414, as last amended by Section 1, Chapter 238, O.S.L. 1994 (6 O.S. Supp. 1994, Section 414), which relates to bank real estate; updating certain reference; permitting bank or trust company to purchase certain real estate upon certain approval; deleting certain approval requirement from succeeding State Banking Commissioner; modifying certain requirement for selling certain real estate; amending 6 O.S. 1991, Section 415, which relates to detached facilities; updating certain references; establishing policy on relocations of detached facilities; permitting relocations of detached facilities under certain circumstances; authorizing Banking Board to establish certain rules allowing State Banking Commissioner certain powers; requiring certain criteria to be established; amending 6 O.S. 1991, Section 501.1, as amended by Section 1, Chapter 52, O.S.L. 1993 (6 O.S. Supp. 1994, Section 501.1), which relates to branch banking; updating certain reference; providing definition; providing for use of certain facilities and providing limitation thereof; deleting certain fee limitation; providing for relocation of branches and establishing limits thereof; amending 6 O.S. 1991, Section 601, as amended by Section 11, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 601), which relates to closing days; modifying day considered to be a nonbusiness day; amending 6 O.S. 1991, Section 711, which relates to directors and officers; modifying certain qualifications; updating certain references; amending 6 O.S. 1991, Section 714, which relates to meetings and duties of directors; updating certain reference; establishing certain time period for signed meeting minutes to be furnished to State Banking Commissioner; permitting bank to purchase own stock as treasury stock with certain approval; amending 6 O.S. 1991, Section 802, which relates to maximum indebtedness to bank; changing calculation of lending limits; updating certain references; amending 6 O.S. 1991, Section 806, as amended by Section 4, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1994, Section 806), which relates to investments, limitations and underwriting; modifying certain investments by bank holding companies engaged in certain services; allowing establishment and capitalization of operating subsidiaries; providing limitation; providing certain exception; amending 6 O.S. 1991, Section 1103, as amended by Section 17, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 1103), which relates to Banking Board approvals; updating certain reference; authorizing Banking Board to establish certain rules allowing State Banking Commissioner certain powers; requiring certain criteria to be established; amending 6 O.S. 1991, Section 1109, as amended by Section 5, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1994, Section 1109), which relates to sale or purchase of bank assets; updating certain reference; modifying certain

publication requirement; authorizing State Banking Commissioner to convey certain property and providing limitations thereto; amending 6 O.S. 1991, Section 1312, which relates to garnishments; requiring certain creditor to pay certain damages; providing certain limitation period for court order; permitting safety deposit box to be unsealed; amending 6 O.S. 1991, Section 2113, as amended by Section 28, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 2113), which relates to audits; updating certain reference; authorizing Commissioner to contract with certain auditors; providing definitions; providing for application of confidentiality of certain compliance review documents to certain compliance review committees; providing for confidentiality of certain documents; providing exception to confidentiality of certain documents; amending 74 O.S. 1991, Section 500.2, as last amended by Section 14, Chapter 360, O.S.L. 1993 (74 O.S. Supp. 1994, Section 500.2), which relates to reimbursable expenses of state employees; authorizing State Banking Department to enter certain contracts for payment of certain lodging; providing for direct bill and payment; providing limitation; 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 201, as last amended by Section 2, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 201), is amended to read as follows:

Section 201. A. There shall be a Banking Department which shall be a separate department of the state government charged with supervision of the activities in this state as provided in this Code and in other legislation conferring jurisdiction upon the Department.

B. The head of the Department shall be the Commissioner. ~~He~~ The Commissioner shall be appointed by the Governor with the advice and consent of the Senate~~; provided, the~~. The Commissioner shall have been a qualified elector of the state for at least three (3) years prior to ~~his~~ the appointment, shall ~~have attained his thirty-fifth birthday~~ be at least thirty-five (35) years old and shall have had ten (10) years' experience as a bank officer or employee, or five (5) years' experience as a bank president or managing officer of a bank, or five (5) years' experience as a state or federal bank examiner. The State Banking Commissioner shall be appointed for a term of four (4) years. The Commissioner may be removed by the Governor for cause after notice and hearing. A successor to a Commissioner who dies, resigns or is removed shall be appointed in the same manner as herein provided.

C. 1. The Commissioner shall appoint a Deputy Commissioner who shall also serve as secretary to the Board hereinafter created~~; provided, the~~. The Deputy Commissioner shall have been a qualified elector of the state for at least three (3) years prior to ~~his~~ the appointment ~~and~~, shall ~~have attained his thirtieth birthday~~ be at least thirty (30) years old and shall have had five (5) years'

experience as a bank officer or employee, or three (3) years' experience as a bank president or managing officer of a bank, or five (5) years' experience as a state or federal bank examiner. If the office of the Commissioner is vacant or if the Commissioner is absent or unable to act, the Deputy Commissioner shall be the acting Commissioner.

2. The Commissioner may appoint Administrative Assistants whose administrative duties shall be prescribed by the Commissioner. The Deputy Commissioner and Administrative Assistants shall serve at the will of the Commissioner.

3. The Attorney General is hereby authorized to appoint an Assistant Attorney General, in addition to those now provided by law, to be assigned to the State Banking Department. Such Assistant Attorney General shall perform such additional duties as may be assigned ~~to him~~ by the Attorney General, and shall otherwise be subject to all provisions of the statutes relating to Assistant Attorneys General. The Banking Department is authorized to pay from appropriated funds all or any part of the salary of said Assistant Attorney General.

4. The Commissioner may also appoint a Budget Director for the Department, a Savings and Loan Administrator and a Credit Union Administrator. The Budget Director, Savings and Loan Administrator and Credit Union Administrator shall have the duties and authority as prescribed by the Commissioner and serve at the will of the Commissioner.

5. The Commissioner shall prepare in writing a manual of all employee positions for the Department, including job classifications, personnel qualifications, duties, maximum and minimum salary schedules and other personnel information for approval by the Board. The Commissioner may, with the approval of the Board, select, appoint and employ such accountants, attorneys, auditors, examiners, clerks, stenographers and other personnel as ~~he~~ the Commissioner deems necessary for the proper administration of ~~this Code~~ the Department and any other statutory duties of the Commissioner.

D. All officers and employees of the Department shall be in the exempt unclassified service as provided for in Section ~~840.8~~ 840-5.5 of Title 74 of the Oklahoma Statutes. Provided that, any officer or employee who is serving in a classified position prior to the effective date of this act shall retain their classified status. All future appointees to such positions shall be in the exempt unclassified service. Except as provided in subsection B of this section, officers and employees of the Department shall not be terminable except on cause shown in an individual proceeding as provided by the Administrative Procedures Act. The Banking Commissioner shall have the authority to determine if cause exists in the event such officer or employee gives written notice of appeal of the termination within ten (10) days after the day of ~~his~~ the termination.

E. The Commissioner may delegate to any officer or employee of the Department any of ~~his~~ the powers of the Commissioner and may designate any officer or employee of the Department to perform any of ~~his~~ the duties of the Commissioner.

F. The Commissioner, Deputy Commissioner, Assistants to the Commissioner and examiner-trainees shall, before entering upon the discharge of their duties, take and subscribe to the oath of office required of state officers as provided by Section 36.2A of Title 51 of the Oklahoma Statutes.

G. 1. Adoption of seal. The Board shall adopt an appropriate seal as the Seal of the State Banking Department.

2. Affixing seal - Effect. Every certificate, assignment and conveyance executed by the Commissioner, in pursuance of the authority conferred upon ~~him~~ the Commissioner by law and sealed with the seal of the Department, shall be received in evidence and recorded in the proper recording offices in the same manner as a deed regularly acknowledged, as required by law.

3. Fees. Whenever it is necessary for the Commissioner to approve any instrument and to affix the official seal thereto, the Commissioner shall charge a fee as provided by Banking Board rule for affixing ~~his~~ the approval of the Commissioner and the official seal to such instrument. Copies of all records and papers in the office of the State Banking Department, certified by the Commissioner and authenticated by the seal, shall be received in evidence in all cases equally and of like effect as the original. Whenever it is proper to furnish a copy of any paper filed in the State Banking Department and to certify such paper, the Commissioner may charge a fee as provided by Banking Board rule for furnishing such copy, for affixing the official seal on such copy and for certifying the same.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 202, as amended by Section 1, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 202), is amended to read as follows:

Section 202. A. The Banking Board shall consist of seven (7) members. The State Banking Commissioner shall be Chairman and vote only in case of a tie on any question requiring action by the Board.

B. Board - Qualifications. Other than the Commissioner, ~~four~~ five members of the Board shall be active officers of state banks or trust companies, ~~and~~ one of whom may be an officer or director of a national bank. One member of the Board shall be a citizen of Oklahoma, thirty-five (35) years old or older, who shall not have been in the past or become during ~~his~~ the member's service on the Board an officer or stockholder in any banking institution, nor shall such person be related in the first degree to any other person who is or becomes during the term of such member an officer or stockholder in any banking institution.

C. Board - Appointment - Qualifications - Successor - Removal. Members of the Board, including the Commissioner, shall be appointed by the Governor with the advice and consent of the Senate; provided, appointments to the Board, and not including the Bank Commissioner nor the member not affiliated in the past or during ~~his~~ the member's term with any banking institution, shall only be made of individuals whose names shall be included in a list of twelve names submitted to the Governor by the Executive Committee of the Oklahoma Association of State Banks, a division of the Oklahoma Bankers Association. If the Oklahoma Association of State Banks shall not submit such list within thirty (30) days after a vacancy shall occur, then the Governor may appoint, with the advice and consent of the Senate, such person as ~~he~~ the Governor may select who shall meet the qualifications set forth in subsection B of this section.

The term of office of each Board member other than the Commissioner shall be six (6) years. The Governor may after notice, hearing and proceeding in accordance with the Administrative Procedures Act, remove a member for cause.

D. Travel Expense. Each member shall be entitled to be reimbursed for necessary travel expenses pursuant to the State Travel Reimbursement Act.

E. Board Meetings - Quorum - Disqualification. The Board shall meet at least once in each calendar quarter. The Commissioner may call additional meetings of the Board upon at least twenty-four (24) hours' notice and in any event shall call a meeting upon the written

request of two members. Three members of the Board shall constitute a quorum, and action taken by a majority of those voting at any meeting at which a quorum is present shall be the action of the Board. No member shall participate in a proceeding before the Board to which any corporation or partnership of which ~~he~~ the member is or was at any time in the preceding twelve (12) months a director, officer, partner, employee, member or stockholder is a party. A member may ~~disqualify himself~~ be disqualified upon the member's own motion from participating in a proceeding for any other cause deemed by ~~him~~ the member to be sufficient.

F. Lack of Quorum - Appointment of Acting Members. At any meeting at which a quorum is not present, whether by reason of the inability of a member to participate or ~~his~~ the voluntary disqualification of the member, or otherwise, the Governor may designate the Deputy Commissioner, the Attorney General, or the head of any other department of the state government, in that order, as acting members of the Board for the purpose of constituting a quorum, but ~~he~~ the Governor shall not designate more acting members than shall be necessary to constitute a quorum.

G. Clerical, Technical and Legal Assistance. Such clerical, technical and legal assistance as the Board may require shall be provided by the Department.

SECTION 3. AMENDATORY 6 O.S. 1991, Section 207, is amended to read as follows:

Section 207. A. Appeals to the Supreme Court. Final orders of the Banking Board or the State Banking Commissioner may be appealed to the Supreme Court of Oklahoma by any party directly affected and showing aggrievement by the order. A mere increase in competition resulting from the order shall not constitute aggrievement.

B. Commencement of appeal. An appeal shall be commenced by filing with the clerk of the Supreme Court, within thirty (30) days from the date of the order or decision, a petition in error with a copy of the order or decision appealed from. The time limit prescribed herein for filing the petition in error may not be extended. The manner of perfection of the record of the proceedings to be reviewed and the time for its completion shall be in accordance with rules prescribed by the Supreme Court.

C. ~~Stay of execution. The appeal shall not stay the execution of any order or decision of the Board or Commissioner unless the Supreme Court shall, for cause shown, order that said decision or order be stayed pending such appeal, in which event the Court shall determine the terms and conditions upon which the same shall be stayed~~ 1. A necessary jurisdictional prerequisite to the acceptance of the appeal by the Supreme Court shall include an affirmative showing of aggrievement from the record, by reference in the petition in error, which cannot be a mere increase in competition.

2. The appeal must be perfected by the posting of a bond by the appellant in an amount set by the Board not to exceed the amount of projected income for four (4) years in the case of a branch, relocation, merger or acquisition, or an amount equal to the capital, surplus and undivided profits required to be paid in the case of a new charter.

3. In the event the appellant is not the prevailing party in the appeal, the prevailing party may apply to the Board for an order assessing the bond in the amount demonstrated by such party to have been lost by reason of the delay caused by the appeal. The amount shall be based on the income projections in the original proceeding found by the Board to have been reasonable.

D. Standard of review. The Court shall give great weight to findings made and inferences drawn by the Board or Commissioner on

questions of fact. The Court may affirm the decision or remand the case for further proceedings. Additionally, the Court may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the findings, inferences or conclusions are not supported by substantial evidence in the record.

SECTION 4. AMENDATORY 6 O.S. 1991, Section 208, as amended by Section 3, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 208), is amended to read as follows:

Section 208. A. The following records in the Banking Department are designated as public records:

1. All applications for state bank charters and supporting information with the exception of personal financial records of individual applicants;

2. All records introduced at public hearings on bank charter applications;

3. Information disclosing the failure of a state bank and the reasons therefor;

4. Reports of completed investigations which uncover a shortage of funds in a bank, after the reporting of the shortage to proper authorities by the Commissioner;

5. Names of all bank stockholders and officers filed in the office of the Secretary of State; and

6. Regular financial call reports issued at the time of the state bank calls.

B. All other records in the Banking Department shall be confidential and not subject to public inspection; provided, however, that the State Banking Board, State Bank Commissioner, or Deputy Commissioner may divulge such confidential information with the written approval of the Commissioner after receipt of a written request which shall:

1. Specify the record or records to which access is requested; and

2. Give the reasons for the request. Such records may also be produced pursuant to a valid judicial subpoena or other legal process requiring production, if the Commissioner determines that the records are relevant to the hearing or proceeding and that production is in the best interests of justice. The records may be disclosed only after a determination that good cause exists for the disclosure. Either prior to or at the time of any disclosure, the Commissioner shall impose such terms and conditions as he deems necessary to protect the confidential nature of the record, the financial integrity of any institution to which the record relates, and the legitimate privacy interests of any individual named in such records.

~~C. For purposes of this section:~~

~~1. "Depository institution" means a state-chartered or federally chartered financial institution located in this state that is authorized to maintain deposit or share accounts;~~

~~2. "Compliance review committee" means:~~

~~a. an audit, loan review or compliance committee appointed by the Board of Directors of a depository institution, or~~

~~b. any other person to the extent the person acts in an investigatory capacity at the direction of a compliance review committee;~~

~~3. "Compliance review documents" means documents prepared for or created by a compliance review committee;~~

~~4. "Loan review committee" means a person or group of persons who, on behalf of a depository institution, reviews loans held by the institution for the purpose of assessing the credit quality of~~

~~the loans, compliance with the loan policies of the institution, and compliance with the applicable laws and regulations; and~~

~~5. "Person" means an individual, group of individuals, board, committee, partnership, firm, association, corporation, or other entity.~~

~~D. This section applies to a compliance review committee whose functions are to evaluate and seek to improve:~~

~~1. Loan underwriting standards;~~

~~2. Asset quality;~~

~~3. Financial reporting to federal or state regulatory agencies; or~~

~~4. Compliance with federal or state statutory or regulatory requirements.~~

~~E. Except as provided in subsection F of this section:~~

~~1. Compliance review documents are confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee; and~~

~~2. Compliance review documents delivered to a federal or state governmental agency remain confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee.~~

~~F. Subsection E of this section does not apply to any information required by statute or regulation to be maintained by or provided to a governmental agency while the information is in the possession of the governmental agency to the extent applicable law expressly authorizes its disclosure.~~

~~G. This section may not be construed to limit the discovery or admissibility in any civil action of any documents that are not compliance review documents, nor may it be construed to limit the discovery or admissibility of any relevant documents which reflect evidence of fraud committed by an insider of a depository institution, to the extent those documents are otherwise discoverable or admissible.~~

SECTION 5. AMENDATORY 6 O.S. 1991, Section 209, as amended by Section 4, Chapter 157, O.S.L. 1994 (6 O.S. Supp. 1994, Section 209), is amended to read as follows:

Section 209. A. Number of examinations - Acceptance of F.D.I.C. or Federal Reserve System examination in lieu of one examination. The State Banking Commissioner shall, at least every eighteen (18) months or as often as ~~he~~ the Commissioner deems advisable, carefully examine the books, records, papers, assets and liabilities of every kind and character owned by, or relating to, every state bank and shall carefully examine the books, records, papers, assets and liabilities of every kind and character owned by, or relating to, every trust company and shall keep ~~himself~~ fully informed as to its financial condition and business methods; shall make and file in ~~his~~ the office of the Commissioner a correct report in detail disclosing the results of such examination; and shall mail a copy of such report to the bank or trust company examined. However, the Commissioner is authorized to accept in ~~his~~ the discretion of the Commissioner, in lieu of any three consecutive bank examinations, the examination that may have been made of said bank within a reasonable period by the Federal Deposit Insurance Corporation or by the Board of Governors of the Federal Reserve System, provided a copy of said examination is furnished to the Commissioner. ~~The~~ In the discretion of the Commissioner, the Commissioner may also~~, in his discretion,~~ accept any other report relative to the condition of a bank, to include joint or concurrent examinations which may be obtained by said authorities within a reasonable period, in lieu of such report authorized by the laws of

this state to be required of such bank by ~~his~~ the Banking Department, provided a copy of such report is furnished to the Commissioner.

When requested in writing upon authority of the board of directors or stockholders owning a majority of the capital stock of any bank or trust company, the Commissioner shall, if in ~~his~~ the opinion of the Commissioner such examination is desirable, make or cause to be made an examination into the affairs and conditions of such bank or trust company. For such examination such bank or trust company shall pay the same fees as provided for in subsection B of Section 211 of this title.

B. Reports - Number - Dates - Verification. Every bank shall make four reports each year and more often if called upon by the Commissioner and according to the form which may be prescribed by ~~him~~ the Commissioner, and every trust company shall make two reports each year and more often if called upon by the Commissioner and according to the form which may be prescribed by ~~him~~ the Commissioner. They must be verified by the oath or affirmation of the president, cashier or secretary of such bank or trust company, and attested by the signatures of at least two of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the corporation at the close of business on any last day by the Commissioner specified, and shall be transmitted to the Commissioner within thirty (30) calendar days after the call date, and ~~shall~~ may be published at the expense of the bank or trust company in the same form in which it is made to the Commissioner ~~within ten (10) days after the same is made, by one insertion in a legal newspaper published in the city or town in which such bank or trust company is established, except that, in the event a legal newspaper is not published within the city or town in which such bank or trust company is established, the publication service required shall be made in a legal newspaper published in the county in which such bank or trust company is established, and such proof of publication shall be furnished within five (5) business days after date of last publication, as may be required by the Commissioner~~. The Commissioner shall also have power to call for special reports from any bank or trust company whenever, in ~~his~~ the Commissioner's judgment, the same are necessary in order to gain a full and complete knowledge of its condition~~; provided, that~~. However, the reports authorized and required by this section, to be called for by the Commissioner, shall relate to a date prior to the date of such call to be specified therein. ~~Provided, further, that~~ Additionally, the Commissioner may accept, in lieu of the reports ~~and publications~~ referred to in this section, reports ~~and publications~~ made by banks that are members of the Federal Reserve System on forms provided by the Federal Reserve System.

C. Penalty for failure to make reports - Action to recover penalty - Payment into General Revenue Fund. Every bank or trust company which fails to make and transmit ~~or to publish~~ any report required within the discretion of the Commissioner, under this Code, shall be subject to a penalty not to exceed Fifty Dollars ($50.00) for each day, after the period respectively therein mentioned, that the bank or trust company delays to make and transmit its report ~~or its proof of publication~~. Whenever any bank or trust company delays or refuses to pay the penalty herein imposed for a failure to make and transmit ~~or to publish~~ a report, the Commissioner is hereby authorized to maintain an action in the name of the state against the delinquent bank or trust company for the recovery of such penalty, and all sums collected by such action shall be paid into the State Treasury to be credited to the General Revenue Fund.

D. Forms for examination and reports - Preservation for ten years - Confidential nature. For the purpose of carrying into effect the provisions of this Code, the Commissioner shall provide a form for the necessary blanks for such examinations and reports; and all examinations and reports received by ~~him~~ the Commissioner shall be preserved in ~~his~~ the office of the Commissioner for a period of not less than ten (10) years. Such examination and reports and all other records of operating banks and trust companies in the Banking Department are to be kept confidential, except as permitted by this Code.

SECTION 6. AMENDATORY 6 O.S. 1991, Section 211, as amended by Section 4, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 211), is amended to read as follows:

Section 211. A. 1. The Banking Board shall charge and collect from each bank or trust company under its supervision not more than an annual fee of Three Hundred Dollars ($300.00) which shall be deposited in the State Banking Department revolving fund pursuant to Section 222 of this title~~; and on each One Thousand Dollars ($1,000.00) of resources, or major fraction thereof, not less than nineteen cents ($0.19) and not to exceed the amount charged by the Office of the Comptroller of Currency~~.

2. The Banking Board shall charge and collect an assessment from each bank or trust company under its supervision on each One Thousand Dollars ($1,000.00) of resources, or major fraction thereof, not less than nineteen cents ($0.19) and not to exceed the amount as established by the Board.

3. The minimum fee for bank trust departments shall be One Hundred Dollars ($100.00). The fees shall be paid annually to the Banking Department within ten (10) days following the first day in January in each year. Any bank or trust company which fails to make such payment within the time specified shall be notified of the terms of this section and be billed appropriately for such fees and given a reasonable period of time not to exceed fifteen (15) days within which to pay them, and, if it fails to pay them within such time, then it shall be subject to a penalty of not more than Fifty Dollars ($50.00) per day for each day it is in violation of this section, which penalty, together with the amount due under the foregoing provisions of this section, may be recovered in a civil action in the name of the state.

~~3.~~ 4. Except as otherwise provided by law, all ~~fees~~ assessments shall be paid into the State Treasury and accrue to the General Revenue Fund of the state. All fees shall be deposited in the State Banking Department revolving fund pursuant to Section 222 of this title.

B. Whenever it is deemed advisable by the State Banking Commissioner, special examinations of banks, trust companies and any other person under, subject to or proposed to become under or subject to ~~his~~ the supervision of the Commissioner shall be conducted. Upon approval of the Board, the expenses of the Department necessarily incurred in the special examination shall be chargeable to the bank, trust company or person examined at the rate not to exceed Fifty Dollars ($50.00) per hour for each of the examining personnel while engaged at such institution. Payments received pursuant to this subsection shall be deposited in the State Banking Department revolving fund pursuant to Section 222 of this title.

SECTION 7. AMENDATORY 6 O.S. 1991, Section 214, is amended to read as follows:

Section 214. A. Preservation of records. Every bank and trust company shall retain its business records for such periods as are or

may be prescribed by or in accordance with the terms of this section.

B. Permanent records. Each bank and trust company shall retain permanently the minute books of meetings of its stockholders and directors, its capital stock ledger and capital stock certificate ledger or stubs, its general ledger (or the record kept by the bank in lieu thereof), its daily statements of condition, and all records which the Banking Board shall, in accordance with the terms of this section, require to be retained permanently.

C. Disposal of other records. All other bank and trust company records shall be retained for such periods as the Board shall, in accordance with the terms of this section, prescribe.

D. Records - Regulations of Board. The Board shall from time to time issue regulations classifying all records kept by banks and trust companies and prescribing the period for which records of each class shall be retained. Such periods may be permanent or for a term of years. Such regulations may be amended or repealed. Prior to issuing any such regulation the Board shall consider:

~~(1)~~ 1. Actions and administrative proceedings in which the production of bank or trust company records might be necessary or desirable~~.~~;

~~(2)~~ 2. State and federal statutes of limitation applicable to such actions or proceedings~~.~~;

~~(3)~~ 3. The availability of information contained in bank and trust company records from other sources~~.~~; and

~~(4)~~ 4. Such other matters as the Board shall deem pertinent in order that its regulations will require banks and trust companies to retain their records for such periods as are commensurate with the interests of their customers and shareholders and of the people of this state in having such records available.

E. Disposal - No duty to thereafter produce. Any bank or trust company may dispose of any record which has been retained for the period prescribed, in accordance with the terms of this section for retention of records of its class, and shall, after it has disposed of a record, thereafter be under no duty to produce such record in any action or proceeding.

F. Permission to reproduce records - Admissibility. In lieu of retention of the original records, any bank or trust company may cause any, or all, of its records, and records at any time in its custody, including those held by it as a fiduciary, to be photographed, stored by electronic imaging or otherwise reproduced in permanent form. Any such photograph, imaged document or reproduction shall have the same force and effect as the original thereof and be admitted in evidence equally with the original.

G. Section applicable to all banks and trust companies. To the extent that they are not in contravention of any statute of the United States or regulations promulgated thereunder, the provisions of this section shall apply to all banks and trust companies doing business in this state.

SECTION 8. AMENDATORY 6 O.S. 1991, Section 218, is amended to read as follows:

Section 218. A. Commissioner's approval required where transfer of stock jeopardizes interest of depositors - Banks and trust companies. Whenever, in the opinion of the State Banking Commissioner, the condition of any bank or trust company is such that any transfer of the capital stock of such bank or trust company would jeopardize the interest of its customers, the Commissioner shall promptly so notify in writing the board of directors and officers of such bank or trust company of ~~his~~ the determination of the Commissioner and the same shall be forwarded by certified or

registered mail, return receipt requested, and the Commissioner shall therein require that, when any shares of the capital stock of the bank or trust company are to be transferred on the books or records of the bank or trust company, the officer or officers proposing to make the transfer shall report in writing to the Commissioner such proposed transfer of stock. After such notice no transfer thereof shall be made without first obtaining the written consent thereto of the Commissioner.

B. Transfer of controlling interest - Banks. Whenever a change occurs or is about to occur in the outstanding voting stock of any bank which will result in a change in the control of the bank or the bank holding company, the president or other chief executive officer of such bank, immediately upon obtaining such knowledge of such change in the control of the bank or bank holding company or such contemplated or consummated sale or transfer of such stock, shall report such facts to the Commissioner.

As used in this section the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policy of the bank. If there is any doubt as to whether a change in the ownership of the outstanding voting stock in any insured bank is sufficient to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the Commissioner.

C. Reporting transfers required. No officer of any bank or trust company shall fail to report any transfer of stock to the Commissioner at the time the same is made, as required by this section.

SECTION 9. AMENDATORY 6 O.S. 1991, Section 313, is amended to read as follows:

Section 313. A. If the application for a certificate of authority or any accompanying documents do not comply with the requirements of this Code, the State Banking Commissioner shall, within twenty (20) days after the receipt thereof, return them to the applicant, calling attention to the defect or defects therein. If the application and accompanying documents are not so returned within such twenty-day period they shall be deemed to have been accepted for filing by the Commissioner.

B. The Banking Board shall approve or deny the application for a certificate of authority within sixty (60) days after such application has been accepted. The Board shall approve the application if:

1. The Board shall have approved the managing officer;

2. The capital, surplus and undivided profits in the amounts set forth in the application have been fully paid in cash;

3. Bylaws attached to the application have been adopted;

4. Any conditions imposed by the Board in approving the application for authority to organize have been fulfilled; and

5. The requirements of this Code have been satisfied; provided, the Commissioner with the consent of the Board may deny the application for a certificate of authority if the bank's application for Federal Deposit Insurance or for membership in the Federal Reserve System has not been approved.

C. If the Board approves such application the Commissioner shall within twenty (20) days of such action issue a certificate of authority and mail the same to the corporation. If the Board denies the application the Commissioner shall, within twenty (20) days of such action, mail a notice of the denial to the corporation, stating therein the reason or reasons for the denial.

D. If the requirements of Section ~~13~~ 312 of this ~~act~~ title have not been met within the time therein provided, or if the application

for certificate of authority has been denied by the Board, or if no certificate of authority exists for a period of six (6) months for any bank or trust company, or if the bank or trust company shall fail to commence business within six (6) months after the issuance of the certificate of authority, or any additional period allowed by the Board, the Board shall cancel the certificate of authority, revoke all banking and trust powers and recommend to the Secretary of State cancellation of the certificate of incorporation. Upon receipt of such recommendation, the Secretary of State shall cancel said certificate of incorporation and the bank or trust company shall be liquidated in accordance with the order of the Board. If an improper expenditure has been made, the Board may order the persons who were organizers or directors at the time to restore the same by equal contributions.

E. The Board may by rule establish a procedure whereby the Commissioner may grant approval and issue a certificate of authority without a hearing before the Board. The procedure shall include criteria set by the Board to be applied by the Commissioner in the consideration of the application.

SECTION 10. AMENDATORY 6 O.S. 1991, Section 414, as last amended by Section 1, Chapter 238, O.S.L. 1994 (6 O.S. Supp. 1994, 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 State Banking Commissioner. A bank or trust company may purchase and hold fixtures, facilities and real estate as may be approved by the Commissioner, including but not limited to storage facilities, facilities for civic or public use or facilities for the benefit of employees of the bank, bank customers or the community. No banking business of any type shall be engaged in or conducted at such facilities. 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. Upon written approval of the Commissioner, a bank or trust company may purchase real estate at a location where the bank or trust company could lawfully establish an office.

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.

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~~. Following the expiration of the initial holding period, one additional extension period of five (5) years may be granted upon the written approval of the Commissioner for a maximum holding period of ten (10) years. A bank or trust company must begin to write down the carrying value for each property held as other real estate owned a minimum of ten percent (10%) each year during the additional extension period of five (5) years. The bank or trust company shall then be required to write off the remaining balance of the other real-estate-owned property at the end of the five-year extension period, or the tenth year. Banks or trust companies shall be required to keep current appraisals on file to substantiate their other real-estate-owned property carrying values. Banks or trust companies shall also continue efforts to dispose of the real estate at the earliest possible opportunity. Once the bank or trust company is no longer permitted to hold the real estate, the Commissioner ~~shall~~ may 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, president, vice-president, chairman or vice-chairman of the board of directors of such corporation.

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 11. AMENDATORY 6 O.S. 1991, Section 415, is amended to read as follows:

Section 415. A. Drive-in or walk-up service authorized.

~~(1)~~ 1. Any bank chartered pursuant to the laws of this state may maintain and operate, subject to the approval of the Banking Board as evidenced by its certificate, outside attached facilities and two detached facilities having one or more tellers' windows for drive-in or walk-up service or both. Of the two detached facilities, one may be on property owned or leased by the bank and

located less than one thousand (1,000) feet from the bank's main building and one may be on property owned or leased by the bank located less than three (3) miles from said main bank building.

~~(2)~~ 2. Any branch may maintain and operate, subject to the approval of the Board or the Comptroller of the Currency as evidenced by its certificate, one outside attached facility having one or more tellers' windows for drive-in or walk-up service or both on property owned or leased by the bank.

~~(3)~~ 3. The Board or the Comptroller of the Currency shall not grant a certificate for a detached facility unless it is more than three hundred thirty (330) feet from any other existing main bank building or branch building or unless the facility is established with the irrevocable consent of such other bank.

~~(4)~~ 4. For the purposes of this section the date of approval of a bank charter or the date of approval of a branch by the appropriate state or federal authority shall be the date of existence of such bank, branch, or facility.

~~(5)~~ 5. For purposes of this section, the 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 facility.

B. Certificate to maintain additional outside facilities - Notice and hearing - Injunction of prohibited activities.

~~(1)~~ 1. From and after May 26, 1965, no bank shall be permitted to maintain and operate such additional outside facilities except upon certificate issued by the Board. The issuance of the certificates shall rest solely as to the location in the discretion of the Board.

~~(2)~~ 2. The application for a certificate to maintain and operate a detached facility shall comply with the regulations of the Board. Within thirty (30) days after receipt of the application, the State Banking Commissioner shall report the results of ~~his~~ the investigation of the Commissioner to the Board. Notice of hearing on the application shall be given in compliance with the provisions of Section 306.1 of 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 payable to the Department in an amount set by rule of the Board, not to exceed the fee amount set by the Comptroller of the Currency for national banks' additional facilities applications.

~~(3)~~ 3. Any banking function may be performed at the facilities except that of making loans. Upon the recommendation of the Commissioner, the Attorney General shall bring an appropriate action to enjoin a bank from conducting the making of loans at such facilities.

~~(4)~~ 4. Any bank now validly operating a detached facility under and in accordance with the applicable statutes of this state prior to May 26, 1965, shall be granted a certificate to continue its operation at such facility. Any facility authorized pursuant to the laws of this state prior to October 1, 1983, shall not be rendered unlawful by any provision of this section.

~~(5)~~ 5. 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 this ~~Code~~ title.

C. Relocations. It is the policy of the Legislature that detached facilities, whether for main offices or former main offices converted to a branch by acquisition or otherwise, or main offices of banks state or national, not be permitted to be relocated in such a manner which would result in one or more detached facilities in

locations which could not have been lawfully established there to begin with, except as specifically permitted herein. A detached facility may be relocated by relocation of a main office.

1. Detached facilities of a main office or former main office converted to a branch may not remain or be established in locations or numbers which are not within the requirements of subsection A of this section by reason of relocation of the main office or former main office converted to a branch or otherwise.

2. Relocation of a main office or former main office converted to a branch which would result in one or more detached facilities no longer being within the requirements of subsection A of this section, will require with regard to any such detached facility:

a. relocation of any such detached facilities to a location within the requirements of subsection A of this section for the newly relocated main office or former main office converted to a branch,

b. divestiture of any such detached facility, or

c. closing of any such detached facility.

The preceding requirements shall be accomplished before the date the relocated main office or former main office converted to a branch opens for business.

D. The Board may by rule establish a procedure whereby the Commissioner may grant approval and issue the certificate to establish and operate or relocate a detached facility without a hearing before the Board. The procedure shall include criteria set by the Board to be applied by the Commissioner in the consideration of the application.

E. Violation of Section 415 - Penalty therefor. A violation of any portion of this section shall be and constitute a misdemeanor punishable upon conviction by a fine not exceeding Five Hundred Dollars ($500.00). Each day's violation shall constitute a separate offense.

SECTION 12. AMENDATORY 6 O.S. 1991, Section 501.1, as amended by Section 1, Chapter 52, O.S.L. 1993 (6 O.S. Supp. 1994, 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; and

7. "Mobile facility" means any place of business separated from the main office or a branch office of a bank at which deposits are received, checks paid, or money lent and which is designed to be moved, picked-up, rolled, pulled or driven. A mobile facility is

prohibited from operation except for use at an institution of higher education as set forth in subsection C of this section.

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 Banking 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~~ latest 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 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. A bank or savings association may use a mobile facility for the purpose of opening accounts and accepting deposits as described in this subsection. Except as provided in this subsection, a mobile facility shall not be used for any other purpose.

D. Authorization to branch by acquisition.

1. Subject to the limitations in subsection 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.

2. If a bank or savings association acquired pursuant to this subsection had ~~no~~ not established any or all of the outside-attached facilities or detached facilities permitted under Section 415 of this title or Section 381.24b of Title 18 of the Oklahoma Statutes at the time of acquisition, the acquiring bank may establish such facilities after the acquisition.

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.

F. Authorized acquisitions. Subject to the limitations in subsection 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.

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~~ the investigation of the Commissioner to the Board. Notice of hearing on the

application shall be given ~~in compliance with Section 306.1 of this title~~ as required by any rule by the Board. 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~~.

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 this title.

I. Branch relocations. It is the policy of the Legislature of Oklahoma that branches, whether de novo or by acquisition, or main offices of banks state or national, not be permitted to be relocated in such a manner which would result in one or more branches in locations which could not have been lawfully established there to begin with, except as specifically permitted herein. A branch may be relocated:

1. De novo. For a branch which was established as a de novo branch and not a branch by acquisition, on property owned or leased by the bank:

a. within the corporate city limits where the main bank is located, or

b. within twenty-five (25) miles of the main bank if the branch will be located in a city or town which has no state or national bank located in said city or town. However, if an application for a bank charter has been filed, the State Banking Board or the Office of the Comptroller of the Currency shall give priority to the charter application if filed prior to the filing of the branch application;

2. By acquisition. A branch which resulted from the acquisition of a branch from another bank or savings and loan or of a main office or branch thereof, which was converted to a branch, hereinafter referred to as the "acquired branch". Application may be made to relocate the acquired branch to a location on property owned or leased by the bank:

a. within the corporate city limits where the acquired branch is located, or

b. to a location within twenty-five (25) miles of the acquired branch if the relocation is to be in a city or town in which no state or national bank is located. However, if an application for a bank charter has been filed, the State Banking Board or the Office of the Comptroller of the Currency shall give priority to the charter application if filed prior to the branch application; or

3. By relocation of a main office.

a. De novo branches of a main office may not remain or be established in locations or numbers which are not within the requirements of subsection B of this section by reason of relocation of the main office.

b. Relocation of a main office which would result in one or more de novo branches no longer being within the requirements of subsection B of this section, will require with regard to any such branch:

(1) relocation of any such branch to a location within the requirements of subsection B of this section for the newly relocated main office,

(2) divestiture of any such branch, or

(3) closing of any such branch.

The preceding requirements must be accomplished before the date the relocated main office opens for business.

J. The Board may by rule establish a procedure whereby the Commissioner may grant approval and issue the certificate to establish and operate or relocate a branch without a hearing before the Board. The procedure shall include criteria set by the Board to be applied by the Commissioner in the consideration of the application.

K. 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 13. AMENDATORY 6 O.S. 1991, Section 601, as amended by Section 11, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 601), is amended to read as follows:

Section 601. Any bank, including state banks, national banks, federal reserve banks, federal home loan banks, federal and state savings and loan associations, federal credit unions, trust companies, and state credit unions, may fully dispense with, or restrict to such extent as it may determine, the hours within which it will be open for business on any one business day of each week, in addition to any other legal holiday in that particular week and Columbus Day on the second Monday in October. Any plan so adopted by any such organization may be changed by it from time to time in its discretion. Any act authorized, required or permitted to be performed at or by any such bank, association or credit union on a business day when such bank, association or credit union is so closed may be performed on the next succeeding business day, and no liability or loss of rights of any kind shall result from such delay. For purposes of this section, Saturday and Sunday shall not be considered ~~a~~ "business ~~day~~ days".

SECTION 14. AMENDATORY 6 O.S. 1991, Section 711, is amended to read as follows:

Section 711. A. The affairs of a bank or trust company shall be managed by a board of directors which shall exercise its powers and be responsible for the discharge of its duties. The number of directors, not less than five (5) nor more than twenty-five (25), shall be as fixed by the bylaws and the number so fixed shall be the board regardless of vacancies. ~~At least three-fourths~~ A majority of the directors shall be citizens of the United States, ~~two-thirds~~ shall be residents of this state and ~~a majority~~ shall reside within one hundred (100) miles of the place of business of the bank. Directors need not be stockholders of the bank or trust company unless so required by the bylaws of the bank or trust company. A director who is disqualified shall be removed by the board of directors or by the State Banking Commissioner. No action taken by a director prior to resignation or removal shall be subject to attack on the ground of ~~his~~ the disqualification of such director.

B. Directors shall receive such reasonable compensation as the bylaws may prescribe and shall serve until their successors are elected and qualify.

C. Directors shall be elected by the stockholders at the first meeting and thereafter at the annual meeting or at a special meeting called for the purpose. If the articles of incorporation or amendments thereto provide for cumulative voting, the votes of each share may be cast for one person or divided among two or more, as the stockholder may choose. The person or persons (to the number of

directors to be elected) having the largest number of votes shall be elected.

D. The terms of office of directors shall be one (1) year. Vacancies may be filled by vote of the board of directors until the next meeting of the stockholders.

E. A director may be removed by the stockholders at a meeting. Where cumulative voting for directors is provided in the articles of incorporation or amendment thereto, no director shall be removed unless the votes cast against a motion for ~~his~~ the removal are less than the total number of shares outstanding divided by the number of authorized directors, but all of the directors shall be removed if a majority of the outstanding shares approves a motion for the removal of all.

F. The officers designated by the bylaws shall be elected by the board of directors. The president and managing officer shall be members of the board of directors. The president may also serve as managing officer. No officer shall be elected or a contract executed for ~~his~~ the employment of the officer for a period longer than one (1) year. An officer may be removed by the board of directors at any time but removal shall not prejudice any rights that ~~he~~ the officer may have to damages for breach of contract of employment.

SECTION 15. AMENDATORY 6 O.S. 1991, Section 714, is amended to read as follows:

Section 714. A. Monthly meeting - Special meeting - Minutes. The board of directors shall meet at least once every month. The State Banking Commissioner, a director or an executive officer may call a special meeting. A majority of the board of directors shall constitute a quorum. The board shall keep minutes of each meeting, including a record of attendance and a record of all votes of the directors that would be pertinent to the business of the bank, to any officer, or to any stockholder. A copy of the minutes of each meeting of the board of directors shall be furnished to the Commissioner within thirty (30) days after the board meeting. This copy shall be signed by the chairman of the board or the secretary to the board.

B. Transactions to be reviewed by bank and trust company board of directors - Minutes to be signed. The board of directors of each bank and trust company shall review at least monthly written reports prepared by the president or other officer of the corporation setting forth such transactions occurring during the calendar month preceding the meeting as the Commissioner shall require by appropriate regulations.

C. Annual examination - Banks and trust companies. The board of directors of every bank and trust company shall examine, at least once in each calendar year at intervals of not more than fifteen (15) months, all the affairs of the corporation including the character and value of investments and loans, the efficiency of operating procedures and such other matters as the Commissioner prescribes. A report of the examination shall be submitted promptly to the Commissioner and shall embody such information as the Commissioner requires. The board of directors may provide that such examination shall be conducted by a committee of not less than three (3) directors, by certified public accountants, or by independent auditors responsible only to the board of directors. Such examination shall be made when practicable without the assistance of the executive officers of the bank or trust company. Such report of examination shall be reviewed by the directors at the next meeting of the board of directors.

D. Board of directors - Bank having trust powers. A bank authorized to exercise trust powers shall not accept or voluntarily relinquish a fiduciary account without approval or ratification of the board of directors or of a committee of officers or directors designated by the board to perform this function, but the board of directors or the committee may prescribe general rules governing acceptance or relinquishment of fiduciary accounts, and action taken by an officer in accordance with these rules is sufficient approval. Any committee so designated shall keep minutes of its meetings and report at each monthly meeting of the board of directors all action taken since the previous meeting of the board. The board of directors shall designate one or more committees of not less than three qualified officers or directors to supervise the investment of fiduciary funds. No such investment shall be made, retained or disposed of without the approval of a committee to which the bank has delegated investment or review responsibility. At least once in every calendar year at intervals of not more than twelve (12) months, the committee shall review all the assets of each fiduciary account as to which the bank has investment or review responsibility and shall determine their current value, safety and suitability and whether the investments should be modified or retained. The committee shall keep minutes of its meetings and shall report at each monthly meeting of the board of directors its conclusions on all questions.

E. Official communications from banking department; submission to directors. Every official communication directed by the Commissioner or any examiner to any bank or trust company or to any officer thereof, relating to an investigation or examination conducted by the State Banking Department or containing suggestions or recommendations as to the conduct of the business of the bank or trust company, shall be submitted by the officer receiving it to the board of directors at the next meeting of the board and duly noted in the minutes of the meeting of the board in such form and in such manner as may be prescribed and directed by the Commissioner. No officer of any bank or trust company shall fail to comply with this subsection.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 716.1 of Title 6, unless there is created a duplication in numbering, reads as follows:

With the approval of the Commissioner and subject to the conditions as the Commissioner may prescribe, a bank may purchase its own stock as treasury stock.

SECTION 17. AMENDATORY 6 O.S. 1991, Section 802, is amended to read as follows:

Section 802. A. ~~(1)~~ 1. The total obligations to any bank or trust company of any person, copartnership, association or corporation shall at no time exceed twenty percent (20%) of the capital, surplus and undivided profits of the bank or trust company. For purposes of this section, the calculation of capital, surplus and undivided profits shall be made as of the date the bank or trust company enters into a binding commitment using data from the most recent quarterly report of condition of the bank or trust company.

~~(2)~~ 2. Separate from and in addition to this limitation, the total obligation to the bank or trust company of any person, copartnership, association or corporation fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of funds outstanding shall not exceed five percent (5%) of the unimpaired capital, unimpaired surplus and undivided profits of such bank or trust company.

~~(3)~~ 3. The term "obligations" shall mean the direct liability, exclusive of interest, of the maker or acceptor of paper discounted with or sold to such bank and the liability, exclusive of interest, of the endorser, drawer or guarantor who obtains a loan from or discounts paper with or sells paper under ~~his~~ the guaranty of the endorser, drawer or guarantor to such bank or trust company. It shall also include leases of personal property as provided in Section 419 of this title.

B. The limitations set forth above in paragraphs ~~(1)~~ 1 and ~~(2)~~ 2 of subsection A of this section shall be subject to the following exceptions:

~~(1)~~ 1. Obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits;

~~(2)~~ 2. Loans or extensions of credit arising from the discount of commercial or business paper evidencing an obligation to the person negotiating it shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits, except that said bank may not advance more than twenty percent (20%) of such capital, surplus and undivided profits on the commercial paper made by any obligor;

~~(3)~~ 3. Obligations drawn in good faith against actually existing values and secured by goods or commodities in process of shipment shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits;

~~(4)~~ 4. Obligations as endorser or guarantor of notes, other than commercial or business paper excepted under paragraph ~~(2)~~ 2 of this subsection, having a maturity of not more than six (6) months, and owned by the person, corporation, association or copartnership endorsing and negotiating the same, shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits;

~~(5)~~ 5. The purchase of bankers' acceptances of the kind described in Section 13 of the Federal Reserve Act and issued by other banks shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits;

~~(6)~~ 6. Loans or extensions of credit secured by shipping documents, warehouse receipts or other such documents transferring or securing title covering readily marketable nonperishable staples when such property is fully covered by insurance, if it is customary to insure such staples, shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits when the market value of such staples securing such obligation in excess of the twenty percent (20%) limit is not at any time less than one hundred fifteen percent (115%) of the face amount of such obligations; and to an additional increase of limitation of five percent (5%) of such capital, surplus and undivided profits in addition to such thirty percent (30%) of such capital, surplus and undivided profits when the market value of staples securing such additional obligations is not at any time less than one hundred twenty percent (120%) of the face amount of such additional obligation; and to a further additional increase of limitation of five percent (5%) of such capital, surplus and undivided profits in addition to such thirty-five percent (35%) of such capital, surplus and undivided profits when the market value of such staples securing such additional obligation is not at any time less than one hundred twenty-five percent (125%) of the face amount

of such additional obligation; and to a further additional increase of limitation of five percent (5%) of such capital, surplus and undivided profits in addition to such forty percent (40%) of such capital, surplus and undivided profits when the market value of such staples securing such additional obligation is not at any time less than one hundred thirty percent (130%) of the face amount of such additional obligation; and to a further additional increase of limitation of five percent (5%) of such capital, surplus and undivided profits in addition to such forty-five percent (45%) of such capital, surplus and undivided profits when the market value of such staples securing such additional obligation is not at any time less than one hundred thirty-five percent (135%) of the face amount of such additional obligation; and to a further additional increase of limitation of five percent (5%) of such capital, surplus and undivided profits in addition to such fifty percent (50%) of such capital, surplus and undivided profits when the market value of such staples securing such additional obligation is not at any time less than one hundred forty percent (140%) of the face amount of such additional obligation; but this exception shall not apply to obligations of any one person, copartnership, association or corporation arising from the same transactions and/or secured by the identical staples for more than ten (10) months. Obligations of any person, copartnership, association or corporation in the form of notes or drafts secured by shipping documents, warehouse receipts or other such documents transferring or securing title covering refrigerated or frozen readily marketable staples, when such property is fully covered by insurance, shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits when the market value of such staples securing such obligation is not at any time less than one hundred fifteen percent (115%) of the face amount of such additional obligation, but this exception shall not apply to obligations of any one person, copartnership, association or corporation arising from the same transactions and/or secured by the identical staples for more than six (6) months;

~~(7)~~ 7. Loans or extensions of credit secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock when the market value of the livestock securing the obligation in excess of the twenty percent (20%) limit is not at any time less than one hundred twenty-five percent (125%) of the face amount of the notes covered by such documents shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits;

~~(8)~~ 8. Loans and extensions of credit which arise from the discount by dealers in dairy cattle of paper given in payment for dairy cattle, which bears a full recourse endorsement or unconditional guarantee of the seller and which are secured by the cattle being sold, shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits;

~~(9)~~ 9. Loans or extensions of credit secured by not less than a like amount of bonds or notes of the United States or certificates of indebtedness of the United States, treasury bills of the United States or obligations fully guaranteed both as to principal and interest by the United States shall not be subject to any limitation based upon capital, surplus and undivided profits; loans or

extensions of credit secured by a certificate of deposit issued by an insured financial institution shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits;

~~(10)~~ 10. Obligations representing loans to any national banking association or to any banking institution organized under the laws of the State of Oklahoma or of any contiguous state, or to any receiver, conservator, or superintendent of banks, or to any other agent, in charge of the business and property of any such association or banking institution, when such loans are approved by the Commissioner, shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits;

~~(11)~~ 11. Obligations shall not be subject under this section to any limitation based upon such capital, surplus and undivided profits to the extent that such obligations are secured or covered by guaranties, or by commitments or agreements to take over or to purchase, made by any Federal Reserve Bank or by the United States or any department, bureau, board, commission or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States; provided, that such guaranties, agreements or commitments are unconditional and must be performed by payment of cash or its equivalent within sixty (60) days after demand; provided, further, that nothing in this section shall be deemed to authorize the inclusion of such obligations as any part of the reserves which any such banking institution is required to maintain;

~~(12)~~ 12. Obligations of a local public agency or of a public housing agency which have a maturity of not more than five (5) years shall not be subject under this section to any limitation, if such obligations are secured by a binding irrevocable agreement between the obligor agency and the Housing and Home Finance Administrator or the Public Housing Administration in which available monies are committed to the agency prior to the maturity of such obligations, in an amount which will suffice to pay the principal of such obligations with interest to maturity, which monies under the terms of said agreement are required to be used for that purpose;

~~(13)~~ 13. Obligations fully insured by the Secretary of Agriculture shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits;

~~(14)~~ 14. Obligations as endorser or guarantor of negotiable or nonnegotiable installment consumer paper which carries a full recourse endorsement or unconditional guarantee by the person, copartnership, association or corporation transferring the same shall be subject under this section to a limitation of ten percent (10%) of such capital, surplus and undivided profits in addition to such twenty percent (20%) of such capital, surplus and undivided profits. If the bank's files or the knowledge of its officers of the financial condition of each maker of such obligations is reasonably adequate, and upon certification by an officer of the bank designated for that purpose, by the board of directors of the bank, that the responsibility of each maker of such obligations has been evaluated and the bank is relying primarily upon each such maker for the payment of such obligations, the limitations of this section as to the obligations of each such maker shall be the sole applicable loan limitation. Provided, that such certification shall be in writing and shall be retained as part of the records of such bank;

~~(15)~~ 15. Loans or other extensions of credit to an industrial development authority, or similar public entity created for the purpose of constructing and leasing a plant facility to an occupant, are not an obligation of the authority for the purpose of this section if: (1) the bank relies on the credit of the occupant in making the loan; (2) the authority's liability with respect to the loan is limited solely to whatever interest it has in the particular facility; (3) the authority's interest is assigned to the bank as security for the loan; and (4) the occupant's lease rentals are assigned and paid directly to the bank;

~~(16)~~ 16. Obligations secured by a segregated deposit account in the lending bank; and

~~(17)~~ 17. Obligations as may be approved by the State Banking Commissioner upon written request by the bank.

C. The Banking Board may promulgate rules to administer and implement this section, including rules to define or further define terms used in this section and to establish limits or requirements other than those specified in this section for particular classes or categories of obligations.

SECTION 18. AMENDATORY 6 O.S. 1991, Section 806, as amended by Section 4, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1994, Section 806), is amended to read as follows:

Section 806. A. Definitions.

~~(1)~~ 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)~~ 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)~~ 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)~~ 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)~~ 2. General obligations of the State of Oklahoma or any political subdivision thereof;

~~(3)~~ 3. General obligations of any other state;

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

~~(5)~~ 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 State Banking 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~~ or bank holding company and all its subsidiaries are engaged in providing service to or for other depository institutions, their holding companies, and the directors, officers or employees of such institutions and companies and in providing correspondent banking services at the request of other depository institutions, their subsidiaries or their holding companies and subsidiaries of the holding companies, 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~~.~~,

(h) establish and capitalize an operating subsidiary, subject to any rules and regulations as may be prescribed by the Banking Board and implemented by the Commissioner. An operating subsidiary of a bank which engages in the business of owner-occupied home mortgage lending shall not be considered a branch

under Section 501.1 of this title in order to conduct such lending operations at any location.

C. Limitations.

~~(1)~~ 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 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)~~ 1, ~~(2)~~ 2 and ~~(3)~~ 3 of subsection B of this section.

~~(2)~~ 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)~~ 1 and ~~(2)~~ 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 19. AMENDATORY 6 O.S. 1991, Section 1103, as amended by Section 17, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 1103), is amended to read as follows:

Section 1103. A. Instruments to submit. After approval by the board of directors of each constituent bank or savings association, the merger agreement shall be submitted to the Banking Board for approval, together with a fee for review of the merger as required by rule of the Board which shall be deposited in the State Banking Department revolving fund pursuant to Section 222 of this title, certified copies of the authorizing resolutions of the several boards of directors showing approval by a majority of the entire board and evidence of proper action by the board of directors of any constituent national bank or federal savings association.

B. Value of assets. Without approval by the Board, no asset shall be carried on the books of the resulting bank at a valuation higher than that on the books of the constituent bank or savings association at the time of the last examination by a state or national bank or savings association examiner before the effective date of the merger.

C. Time and requirements for approval. Within thirty (30) days after receipt by the Board of the fee and papers specified in subsection A of this section, the Board shall approve or disapprove the merger and the merger agreement. The Board shall approve the merger and the merger agreement if it appears that:

1. The resulting state bank meets all the requirements of state law as to the formation of a new state bank;

2. The agreement provides an adequate capital structure including surplus in relation to the deposit liabilities of the resulting state bank and its other activities which are to continue or are to be undertaken;

3. The agreement is fair; and

4. The merger is not contrary to the public interest.

If the Board disapproves a merger or a merger agreement, it shall state its objections and give an opportunity to the constituent banks or savings associations to amend the merger agreement to obviate such objection. The Board may by rule establish a procedure whereby the Commissioner may grant approval of the merger or merger agreement without a hearing before the Board. The procedure shall include criteria set by the Board to be applied by the Commissioner in the consideration of the application.

D. Succession to fiduciary positions. Where the resulting state bank is not to exercise trust powers, the Board shall not approve a merger until satisfied that adequate provision has been made for successors to fiduciary positions held by constituent banks or savings associations, and the manner of succession of trust powers and successor trustees shall follow the same procedure as set out in Section 1018 of this ~~Code~~ title.

SECTION 20. AMENDATORY 6 O.S. 1991, Section 1109, as amended by Section 5, Chapter 295, O.S.L. 1992 (6 O.S. Supp. 1994, 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 or branch 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 or branch 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 or branch 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 or branch 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 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 State Banking 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 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)~~ two (2) successive weeks in a newspaper of general circulation in the county in which the assets of the selling bank, trust company, national banking association, or savings association ~~has its principal office~~ are located. 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~~ the Commissioner 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.

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~~ the loans of the depositor or other creditor 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.

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.

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)~~ two (2) 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.

G. Except as provided for in subsection 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 D or 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 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1207 of Title 6, unless there is created a duplication in numbering, reads as follows:

The State Banking Commissioner shall have authority to transfer or convey title to any mineral interests or mineral leases the State Banking Department or the Commissioner acquired prior to the effective date of this act, from a state-chartered bank or trust company not insured by the Federal Deposit Insurance Corporation for which the Department or Commissioner served as receiver or liquidator. The Commissioner shall only transfer or convey title to the mineral interests or mineral leases to the Department of Central Services by quitclaim deed in accordance with applicable state law.

SECTION 22. AMENDATORY 6 O.S. 1991, Section 1312, is amended to read as follows:

Section 1312. In any action wherein garnishment summons is served on the lessor or a party to an action seeks to subject a box or contents thereof to process or order of court, the lessor, upon being served with such process or court order, shall seal the box and deny access thereto to all persons except as ordered by the court. A court of record may, in a proceeding wherein the lessee is a party, in aid of execution or for the purpose of enforcing its orders, direct the sheriff or marshal to enter a box, remove the

contents therefrom and hold, deliver or sell such contents as permitted by law. Damages suffered by the lessor by reason of forcible entry as provided herein shall be assessed as costs and paid to the lessor by the ~~court clerk~~ garnishment creditor. If no court order directing entry into the box is served upon the lessor within thirty (30) days after a garnishment summons is received by the lessor, the box shall be unsealed and the lessor shall no longer be required to deny access to parties entitled thereto.

SECTION 23. AMENDATORY 6 O.S. 1991, Section 2113, as amended by Section 28, Chapter 183, O.S.L. 1993 (6 O.S. Supp. 1994, Section 2113), is amended to read as follows:

Section 2113. A. The State Banking Commissioner may examine the books and records of each licensee at least once a year for the purpose of determining the amount of the bond to be filed and the amount of the license fee to be paid by such licensee and to determine whether the licensee is in compliance with all applicable requirements of law. For that purpose, the Commissioner shall have free access to the offices and places of business and to such records of such licensee that relate to the business for which ~~he~~ the licensee is licensed under Section 2101 et seq. of this title.

B. There shall be paid to the Commissioner for such examination a fee of Fifty Dollars ($50.00) per hour for each qualified representative of the Commissioner required to conduct the examination; provided that whenever it shall be necessary for the Commissioner to travel out of this state to make such examination, the full expense of such examination shall be paid by the licensee.

C. In lieu of any examination which the Commissioner shall be authorized to make hereunder, the Commissioner may accept the audit of a licensed public accountant holding a permit to practice in this state or a certified public accountant, provided that:

1. The costs of such audit shall be borne by the licensee;

2. The scope of such audit shall be at least equal to the scope of the examination required by the Commissioner;

3. The Commissioner shall have received prior notice in writing that the licensee is having the audit prepared in lieu of examination by the Commissioner; and

4. The Commissioner shall have given prior approval of the licensed public accountant holding a permit to practice in this state or the certified public accountant making the audit.

D. The Commissioner may contract with qualified licensed auditors to conduct any examinations authorized under this section.

E. All license and investigation fees herein provided for shall be deposited in the State Banking Department revolving fund pursuant to Section 222 of this title.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3002 of Title 6, unless there is created a duplication in numbering, reads as follows:

A. For purposes of this section:

1. "Depository institution" means a state-chartered or federally chartered financial institution located in this state that is authorized to maintain deposit or share accounts;

2. "Compliance review committee" means:

a. an audit, loan review or compliance committee appointed by the board of directors of a depository institution, or

b. any other person to the extent the person acts in an investigatory capacity at the direction of a compliance review committee;

3. "Compliance review documents" means documents prepared for or created by a compliance review committee;

4. "Loan review committee" means a person or group of persons who, on behalf of a depository institution, reviews loans held by the institution for the purpose of assessing the credit quality of the loans, compliance with the loan policies of the institution, and compliance with the applicable laws and regulations; and

5. "Person" means an individual, group of individuals, board, committee, partnership, firm, association, corporation, or other entity.

B. This section applies to a compliance review committee whose functions are to evaluate and seek to improve:

1. Loan underwriting standards;

2. Asset quality;

3. Financial reporting to federal or state regulatory agencies; or

4. Compliance with federal or state statutory or regulatory requirements.

C. Except as provided in subsection D of this section:

1. Compliance review documents are confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee; and

2. Compliance review documents delivered to a federal or state governmental agency remain confidential and are not discoverable or admissible in evidence in any civil action arising out of matters evaluated by the compliance review committee.

D. Subsection C of this section does not apply to any information required by statute or regulation to be maintained by or provided to a governmental agency while the information is in the possession of the governmental agency to the extent applicable law expressly authorizes its disclosure.

E. This section may not be construed to limit the discovery or admissibility in any civil action of any documents that are not compliance review documents, nor may it be construed to limit the discovery or admissibility of any relevant documents which reflect evidence of fraud committed by an insider of a depository institution, to the extent those documents are otherwise discoverable or admissible.

SECTION 25. AMENDATORY 74 O.S. 1991, Section 500.2, as last amended by Section 14, Chapter 360, O.S.L. 1993 (74 O.S. Supp. 1994, Section 500.2), is amended to read as follows:

Section 500.2 A. Officials and employees of the state, traveling on authorized state business, may be reimbursed for expenses incurred in such travel in accordance with the provisions of this act and existing statutes relating to state travel. Persons who are not state employees, but who are performing substantial and necessary services to the state which have been directed or approved by the appropriate department official shall enjoy the protection of the sovereign immunity of the state to the same extent as a paid employee. Such persons may be reimbursed for expenses incurred during authorized official travel under these same statutory provisions, provided it is indicated on the claim the person is not a state employee, a description of services performed is entered, and the agency head by his approval of the claim certifies such services were substantial and necessary, and germane to the duties and functions of the reimbursing agency. Travel expenses incurred by a person during the course of seeking employment with a state agency, unless such travel is performed at the request of the employing agency, shall not be considered expenses incurred in performing substantial and necessary services to the state and shall not be reimbursed under the provisions of this act.

B. The chief administrative officer of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma Military Department, the Department of Corrections, the Department of Central Services and the Department of Civil Emergency Management and the State Fire Marshal may arrange for and charge meals and lodging for a contingent of state personnel moved into an area for the purpose of preserving the public health, safety or welfare or for the protection of life or property. The cost for meals or lodging so charged shall not exceed the amount authorized in this act.

The chief administrative officer of each agency involved in an operation as provided for above shall require the vendor furnishing meals, lodging or both meals and lodging to submit an itemized statement for payment.

When a claim for lodging is made for a contingent of state personnel, individual members of the contingent may not submit a claim for lodging. When a claim for meals is made for a contingent of state personnel, individual members of the contingent may not submit a claim for meals.

C. The Department of Public Safety is hereby authorized to enter into contracts and agreements for the payment of classroom space, food and lodging expenses as may be necessary for law enforcement officers attending any official course of instruction sponsored or conducted by the Department of Public Safety. Such expenses may be paid for directly to the contracting agency or business establishment. Provided, the cost for food and lodging for each law enforcement officer shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.

D. The Oklahoma Tourism and Recreation Department is hereby authorized to enter into contracts and agreements for the payment of food and lodging expenses as may be necessary for employees attending an official course of instruction or training conducted or sponsored by the Oklahoma Tourism and Recreation Department. Such expenses may be paid for directly to the contracting agency or business establishment. Provided, the cost for food and lodging for each employee shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.

E. The Oklahoma Department of Commerce is hereby authorized to enter into contracts and agreements for the payment of food, lodging, meeting facility and beverage expenses as may be necessary for sponsoring seminars and receptions relating to economic development and science and technology issues. Such expenses may be paid directly to the contracting agency or business establishment. The Director of the Oklahoma Department of Commerce shall provide a quarterly report of such expenditures to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

F. The Oklahoma Center for the Advancement of Science and Technology is hereby authorized to enter into contracts and agreements for the payment of food, lodging, meeting facility and beverage expenses necessary for sponsoring meetings and conferences relating to economic development and science and technology issues. Such contracts or agreements shall be awarded on a competitive basis and expenses may be paid directly to the contracting agency or business establishment. The President of the Oklahoma Center for the Advancement of Science and Technology shall provide a quarterly report of such expenditures to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

G. The State Fire Marshal is hereby authorized to enter into contracts and agreements for the payment of classroom space, food and lodging expenses as may be necessary for law enforcement officers attending any official course of instruction sponsored or conducted by the State Fire Marshal. Such expenses may be paid for directly to the contracting agency or business establishment. Provided, the cost for food and lodging for each law enforcement officer shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.

H. The Department of Civil Emergency Management is hereby authorized to enter into contracts and agreements for the payment of classroom space, food and lodging expenses as may be necessary for official courses of instruction and conferences sponsored by the Department of Civil Emergency Management. Such expenses may be paid directly to the contracting agency or business establishment. Provided, the cost for food and lodging for each student or attendee shall not exceed the total daily rate as provided for in the State Travel Reimbursement Act.

I. State agencies are authorized to make direct purchases of commercial airline tickets for use by employees in approved out-of-state travel. Each claim or invoice submitted to the Director of State Finance for the payment of such purchase shall bear the airline identifying ticket number, the name of the airline, total cost of each ticket purchased, class of accommodation, social security number and name of the employee for whom the ticket was purchased, and shall be filed on claim forms as prescribed by the Director of State Finance. An affidavit shall state that said employee did use any direct purchase commercial airline ticket received for his or her approved out-of-state travel.

J. State agencies are authorized to make direct purchases of lodging at facilities operated by the Oklahoma Tourism and Recreation Department. Such lodging shall be at the rate authorized by Section 500.9 of this title. Claims for payment shall be filed on claim forms as prescribed by the Office of State Finance.

K. State agencies are authorized to enter into contracts and agreements with the Oklahoma Tourism and Recreation Department for the payment of food, lodging and other authorized expenses as may be necessary for employees attending conferences, meetings or training sessions conducted or sponsored by the contracting agencies. Provided the cost for food and lodging for each employee shall not exceed the total daily rate as provided in the State Travel Reimbursement Act, Section 500.1 et seq. of this title.

L. The Oklahoma Department of Human Services is hereby authorized to enter into contracts and agreements for the payment of food and lodging expenses as may be necessary for employees attending an official course of instruction or training conducted or sponsored by the Oklahoma Department of Human Services. Such expenses may be paid directly to the contracting agency or business establishment. The cost for food and lodging for each employee shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.

M. The Oklahoma State Banking Department is hereby authorized to enter into contracts and agreements for the payment of lodging expenses as may be necessary for employees engaged in their official duties for the Department. The expenses may be billed directly by the business establishment which provided the lodging to the Department, and the Department may pay the business directly for the lodging. However, the cost for lodging for each Department employee shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.

SECTION 26. This act shall become effective July 1, 1995.

SECTION 27. 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.

Passed the House of Representatives the 6th day of March, 1995.

Speaker of the House of Representatives

Passed the Senate the 27th day of March, 1995.

President of the Senate