

SHORT TITLE: Banks and trust companies; specifying provisions under which branch banks may be established; providing certain restrictions and time periods. Effective date. Emergency.

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

SENATE BILL NO. 1288

By: Fisher

AS INTRODUCED

An Act relating to banks and trust companies;

amending 6 O.S. 1991, Sections 303, as amended by Section 20, Chapter 111, O.S.L. 1997, 406, as last amended by Section 41, Chapter 111, O.S.L. 1997, 501.1 and 502, as last amended by Sections 1 and 2, Chapter 404, O.S.L. 1997, and 506, as last amended by Section 57, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997, Sections 303, 406, 501.1, 502, 506), which relate to organization and general powers of banks and branch banking; deleting provision on certain alternative application procedure; prohibiting relocation of bank's main office outside corporate city limits except under certain conditions; specifying provisions under which branch banks may be established; providing certain restrictions; specifying time periods within which certain branch banks may be established; providing for authority to establish branch banks; modifying provisions for relocation of branch banks; deleting certain provisions relating to de novo charters for bank holding companies or multibank holding companies; deleting certain bid procedures; modifying provisions for construction of certain provisions; repealing 6 O.S. 1991, Section 502.1, as last amended by Section 56, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997, Section 502.1), which

relates to interim state banks; 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 303, as amended by Section 20, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997, Section 303), is amended to read as follows:

Section 303. A. One or more individuals desiring to organize a bank or trust company shall file with the State Banking Commissioner, in a method as required by the Commissioner, an application for authority to organize setting forth the information required by Section 305 of this title.

B. Each organizer shall subscribe and pay in full in cash for stock having a total subscription price of not less than one percent (1%) of the minimum capital required by Section 303.1 of this title.

~~C. In lieu of the application method set forth in subsections A and B of this section, a bank and multibank holding company which meets the requirements of subsection C of Section 502 of this title may file with the Commissioner, in a method as required by the Commissioner, an application for authority to organize a bank setting forth the information required by Section 305 of this title.~~

~~D.~~ An application fee in an amount prescribed by Board rule shall accompany the application. The fee is payable from the organizational expense fund and is nonrefundable.

SECTION 2. AMENDATORY 6 O.S. 1991, Section 406, as last amended by Section 41, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997, Section 406), is amended to read as follows:

Section 406. A. Change of name. A bank or trust company, by majority vote of the outstanding voting stock, may upon written notice to and may after obtaining approval by the State Banking

Commissioner, change its corporate name by appropriate amendment of its certificate of incorporation.

B. Change in location. 1. A bank's main office shall not be relocated to a location outside of the corporate city limits of the same city or town unless:

- a. the Commissioner finds that economic factors in the city or town from which the main office is being moved do not provide adequate future prospects for that bank, and
- b. that bank will not have any remaining or resulting branch office in that city or town after the relocation occurs.

2. An application to change a bank or trust company's main office location must be authorized by majority vote of the outstanding voting stock. The application shall be submitted upon a form provided by the Commissioner, and shall contain a copy of the resolution adopted by the stockholders at the stockholders' meeting authorizing the proposed change in location, and shall be verified by the president or secretary of the corporation. An application fee in an amount provided by Board rule shall accompany the application.

~~2.~~ 3. If the applicant bank's deposits are insured by the Federal Deposit Insurance Corporation, the Commissioner may condition the approval upon the approval of the Federal Deposit Insurance Corporation.

~~3.~~ 4. The Commissioner may, in ~~the~~ his or her discretion ~~of the Commissioner~~, approve the application and authorize amendment of the certificate of incorporation.

C. Change in number and par value of shares. Upon application of a bank or trust company authorized by a majority vote of the outstanding voting stock to amend its certificate of incorporation by changing the number or par value of shares, the Commissioner

shall approve the application and authorize amendment unless the change will inequitably affect the interest of any stockholders and the bank or trust company does not have sufficient surplus and undivided profits to pay dissenting stockholders the fair value of their shares and have remaining adequate capital as determined by the Commissioner.

D. Bank's abandonment of trust powers. Upon application approved by majority vote of the outstanding voting stock authorizing the abandonment of its trust powers, the Commissioner may, in the discretion of the Commissioner, approve the application and permit amendment of the applicant's certificate of incorporation deleting trust powers.

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

F. Right of dissent. Shareholders of banking corporations shall have the right of dissent to corporate action, in the same manner as provided by Section 1104 of this title with respect to the adoption of the following type of amendments to the applicant's certificate of incorporation:

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

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

3. With respect to preferred shareholders, a conversion of preferred stock into common stock, other than in accordance with

conversion features, if any, which were contained in the terms of the preferred stock when it was originally issued; and

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

The provisions of this subsection shall not apply to transactions which are subject to dissenters' rights as provided by Sections 1104 and 1109 of this title. Shareholders of banking corporations shall also be entitled to appraisal rights granted with respect to any type of transaction pursuant to the provisions of the Oklahoma General Corporation Act, except for transactions subject to dissenters' rights as provided by the provisions of this section and Sections 1104 and 1109 of this title.

SECTION 3. AMENDATORY 6 O.S. 1991, Section 501.1, as last amended by Section 1, Chapter 404, O.S.L. 1997 (6 O.S. Supp. 1997, Section 501.1), is amended to read as follows:

Section 501.1 A. Authorization to establish ~~branches~~ branch banks.

~~1. Any bank may establish and perform any banking function at no more than two branch banks 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 the city or town; provided however, if an application for a bank charter has been filed, the Board shall give priority to the charter application.~~

~~2. Neither the Board nor the Comptroller of the Currency shall grant a certificate for any branch bank unless it is more than three hundred thirty (330) feet from any main bank or branch bank in counties with a population of five hundred thousand (500,000) or more according to the 1980 Federal Decennial Census unless the branch bank 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 bank 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 C 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 bank within such city or town for a period of five (5) years after the acquisition and operation of the branch bank~~ Any bank may establish and operate up to a total of seven branch banks which are established de novo and not by acquisition, but only as provided in this subsection as follows:

- a. two branch banks may be established on property which is owned or leased by the bank and which is located in this state within the corporate limits of the same city or town where the bank's main office is located, subject to the restrictions set forth in paragraph 5 of this subsection,
- b. after December 31, 1998, one branch bank may be established and operated on property located anywhere in this state which is owned or leased by the bank, subject to the restrictions set forth in paragraphs 2, 4 and 7 of this subsection,
- c. after December 31, 1999, a second branch bank may be established and operated on property located anywhere

in this state which is owned or leased by the bank,
subject to the restrictions set forth in paragraphs 2,
4 and 7 of this subsection,

d. after December 31, 2000, a third branch bank may be
established and operated on property located anywhere
in this state which is owned or leased by the bank,
subject to the restrictions set forth in paragraphs 2,
4 and 7 of this subsection,

e. after December 31, 2001, a fourth branch bank may be
established and operated on property located anywhere
in this state which is owned or leased by the bank,
subject to the restrictions set forth in paragraphs 2,
4 and 7 of this subsection, and

f. after December 31, 2002, a fifth branch bank may be
established and operated on property located anywhere
in this state which is owned or leased by the bank,
subject to the restrictions set forth in paragraphs 2,
4 and 7 of this subsection.

2. A branch bank may not be established pursuant to the
provisions of subparagraphs b through f of paragraph 1 of this
subsection in any city or town which has a population of less than
five thousand (5,000) persons, according to the most recent federal
decennial census, and in which another bank's main office is
located, except as otherwise provided in paragraph 3 of this
subsection.

3. If any bank whose main office is located in a city or town
with a population of less than five thousand (5,000) persons,
according to the most recent federal decennial census, establishes a
de novo branch bank in any other city or town after July 1, 1998,
then the city or town in which that bank has its main office shall
automatically become an eligible location for other banks to

establish and operate branch banks pursuant to the provisions of subparagraphs b through f of paragraph 1 of this subsection.

4. Any bank that relocates its main office on or after July 1, 1998, to a location outside of the corporate city limits of the city or town in which it was located shall not be granted authority by the Banking Board or by the Comptroller of the Currency to establish or continue to operate any resulting or remaining branch bank in the city or town from which the main office was moved.

5. A bank's authority to establish up to a total of seven de novo branch banks pursuant to the various provisions of subparagraphs a through f of paragraph 1 of this subsection is cumulative, including all de novo branch banks established by the bank prior to July 1, 1998, and continuing to be operated, as well as all de novo branch banks established by the bank on or after that date and continuing to be operated. Any of the total of seven (7) de novo branch banks authorized by subparagraphs a through f of paragraph 1 of this subsection which are not established when they are first permitted may be established later.

Each de novo branch bank that a bank legally established prior to July 1, 1998, in a city or town that is within twenty-five (25) miles of the bank's main office, and in which no bank had a main office, shall be counted as using up one of the two branch bank locations that the bank otherwise would be permitted to establish within the corporate city limits of the same city or town where the bank's main office is located, as set forth in subparagraph a of paragraph 1 of this subsection.

The provisions of subparagraphs b through f of paragraph 1 of this subsection provide a gradual phase-in between January 1, 1999, and January 1, 2003, of a bank's authority to establish in the manner specified a total of five (5) de novo branch banks that are not confined to the corporate city limits of the city or town in which the bank's main office is located.

6. A bank's authority to establish any as-yet unestablished branch banks may not be sold, acquired by another bank by merger, or otherwise transferred. In the event a bank is acquired by or merged into another bank or savings association, any unused authority of the acquired bank or target bank to establish branch banks shall immediately terminate.

7. If, at the time a bank was acquired for operation as a branch bank pursuant to subsection C of this section, no other state or national bank had a main office in the same city or town as the former main office of the acquired bank, and that city or town at that time would not have been an eligible location for a branch bank to be established by applying the provisions of paragraphs 2 and 3 of this subsection, the Board or the Comptroller of the Currency shall not grant any other bank a certificate to establish a branch bank within such city or town for a period of five (5) years after the acquisition of the bank for operation as a branch bank, or until such earlier time as the most recent federal decennial census indicates that that city or town has a population of five thousand (5,000) or more persons.

B. 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.

C. Authorization to branch by acquisition.

1. Subject to the limitations in subsection D of this section, any bank may acquire and operate as branch banks at which any banking function may be performed an unlimited number of banks or savings associations or branch banks or savings association branches without restriction on location. In transactions not involving the acquisition of a whole bank or savings association, no branch bank or savings association branch shall be deemed to have been acquired for purposes of this paragraph unless the selling financial institution by means of such transaction surrenders its certificate of authority to operate that same branch bank or savings association branch or any relocation thereof; provided, this provision shall not prohibit the selling financial institution from applying separately for any de novo branch bank location that it is permitted to establish. 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. Excluding branch banks specifically permitted to be established by an acquirer in an acquisition pursuant to the provisions of this paragraph, a bank acquired by another bank shall neither retain nor transfer to the acquirer any unused branching rights, nor shall the acquiring bank's right to establish de novo branch banks as permitted in subsection A of this section be enlarged by any acquisition.

2. If a bank or savings association acquired pursuant to this subsection had 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.

D. Deposit limitation.

1. It shall be unlawful for any bank or out-of-state bank which has direct or indirect control of more than fifteen percent (15%) of the total amount of deposits of insured depository institutions located in Oklahoma as determined by the State Banking Commissioner on the basis of the most recent reports of such institutions to their supervisory authorities to acquire any other bank or savings association in this state.

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

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

Provided, however, at the end of a period of five (5) years from the date of acquisition, for the circumstances set forth in subparagraphs b and c of this paragraph, the deposits of the acquired bank or savings association shall be included in computing the deposit limitation and if deposits are in excess, appropriate reductions and disposition shall be made within six (6) months to meet such limitations. Further, in the circumstances set forth in subparagraph c of this paragraph, the Commissioner and the Federal Deposit Insurance Corporation shall give priority in authorizing any

such acquisition to any acquiring bank whose total deposits do not exceed the deposit limitation.

E. Authorized acquisitions. Subject to the limitations in subsection D of this section, a bank or savings association shall not be acquired by a bank and operated as a branch bank until the bank or savings association to be acquired has been in existence and continuous operation for a period of five (5) years. Subject to the limitations in subsection D of this section, after January 1, 1997, a branch bank or savings association branch shall not be acquired by a bank and operated as a branch bank until the branch bank or savings association branch to be acquired has been in existence and continuous operation for a period of five (5) years. The provisions of this subsection shall not prevent a bank from acquiring a bank to be operated as a branch bank whose charter was granted for the purpose of:

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

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

F. Certificate to establish and operate a branch bank.

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

2. The application for a certificate to establish or operate a branch bank 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 the investigation of the Commissioner to the Board. Notice of hearing on the application shall be given 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.

G. 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.

H. ~~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 the city or town. However, if an application for a bank charter has been filed, the 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 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 A 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 A 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 A 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~~ Permissible branch bank locations after a relocation. A branch bank, whether established de novo or by acquisition, shall be permitted to be relocated anywhere within the corporate city limits of the city or town in which it is located. No branch bank, whether established de novo or by

acquisition, shall be permitted to be relocated on or after July 1, 1998, to any location outside of the corporate city limits of the city or town in which it is located, provided:

1. A bank which has established a de novo branch bank pursuant to any of the provisions of subparagraphs b through f of paragraph 1 of subsection A of this section may relocate that branch bank to any other location where the bank could establish a de novo branch bank under subparagraphs b through f of paragraph 1 of subsection A of this section if it were being initially established; and

2. Any other branch bank that was not established by the bank pursuant to the provisions of subparagraphs b through f of paragraph 1 of subsection A of this section may be relocated to a location outside of the corporate city limits of the city or town in which it is located only if:

- a. the proposed location is a location where the bank would be permitted to initially establish an additional de novo branch bank pursuant to the provisions of subparagraphs a through f of paragraph 1 of subsection A of this section, and
- b. the bank files a written irrevocable election with the Board or the Comptroller of the Currency to treat the relocation as a de novo branch bank that uses up the bank's currently available and unused authorization to establish a de novo branch bank at that location under any of subparagraphs a through f of paragraph 1 of subsection A of this section.

On or after July 1, 1998, a main office of a state bank or national bank may not be relocated to any location outside of the city limits of the city or town where it is located, unless the bank divests or closes any branch bank located in the same city or town from which the main office is moving away and does not retain the former main office as a resulting branch bank.

I. 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. An application fee may be charged in an amount provided by rule of the Board.

J. No out-of-state bank shall be permitted to establish a de novo branch in this state.

K. Beginning May 31, 1997, a bank, branch bank, savings association or savings association branch which has been in existence for five (5) years or more may be acquired by and engage in an interstate merger transaction with any out-of-state bank in accordance with applicable laws and rules of the Banking Department and the state in which the main office of the out-of-state bank is located. If the out-of-state bank does not have a branch bank or savings association branch in this state at the time the interstate merger application is filed with the appropriate regulatory authority, then the out-of-state bank must acquire the bank or the savings association, and may not acquire ~~just~~ only a branch thereof. An interstate merger transaction will not be permitted if it will result in a violation of the fifteen percent (15%) deposit limitation contained in subsection D of this section. If ~~the result of~~ an interstate merger transaction ~~is that~~ results in the bank or savings association which is acquired ~~is~~ being converted to a branch bank of an out-of-state bank, it shall have all the powers and be subject to the same limitations as any other branch bank located in this state. All branch banks of an out-of-state bank shall be regulated by the Commissioner as if the branch banks comprised an Oklahoma bank and the branch banks shall comply with applicable Oklahoma laws and rules in the conduct of their business in this state to the maximum extent authorized under federal and state law.

No branch bank of an out-of-state bank shall be permitted to establish separate branch banks or limited service facilities, or to engage in any activity not permissible for a bank in this state.

L. Beginning May 31, 1997, a bank may establish a branch bank in any other state, or may acquire branch banks of an out-of-state bank which are located in any other state in accordance with the laws of the other state. The bank shall be required to follow all procedures and to obtain all approvals necessary to establish or acquire a branch bank under applicable Oklahoma law and any applicable rules as may be established by the Board. The bank shall file with the Department a copy of each application or notice filed with federal or other state regulatory authorities relating to the transaction at the same time the application or notice is filed with the federal or other state regulatory authorities. Upon consummation of the transaction, the bank shall have all of the powers under the applicable laws and regulations of the state in which each branch bank is located, subject to the duties and restrictions thereof. In addition to any regulation by bank and regulatory authorities in the state where a branch bank is located, each branch bank located outside of this state shall be subject to regulation by the Department as if the branch bank were located in this state and shall comply with the law of this state in the conduct of its banking business in such other state.

M. The provisions of this section shall not be construed as permitting branches established pursuant to this section through an interstate merger transaction to be taxed at a rate which is different from or discriminates in any way against a bank, savings association, or branch of either, which is chartered in this state. The Oklahoma Tax Commission is hereby authorized to adopt policies and procedures consistent with the provisions of this subsection.

N. An operating subsidiary of a bank which engages in the business of owner-occupied home mortgage lending shall not be

considered a branch under this section in order to conduct such lending operation at any location.

O. Any branch bank location that was legally established pursuant to the provisions of this section as they existed immediately prior to July 1, 1998, shall be grandfathered and continue to be legally authorized on and after July 1, 1998; provided, the continued authority to operate a grandfathered branch bank may be affected in the same manner that any other branch bank may be affected by applications made on or after July 1, 1998, including, but not limited to, a proposed relocation of the bank's main office or a proposed relocation of the grandfathered branch bank, as provided in subsection H of this section, in paragraph 4 of subsection A of this section and in subsection B of Section 406 of this title.

SECTION 4. AMENDATORY 6 O.S. 1991, Section 502, as last amended by Section 2, Chapter 404, O.S.L. 1997 (6 O.S. Supp. 1997, Section 502), is amended to read as follows:

Section 502. A. Citation - Purpose. This section may be cited as the "Bank Holding Company Section" and shall have for its purpose the maintenance of competitive services between banks by limiting the expansion of bank holding companies and similar organizations. It is deemed to be in the public interest that competition prevail in the banking system in the State of Oklahoma and to that end that the independence of unit banks be preserved. Further, it shall be the policy of the State of Oklahoma to oppose any attempt by any bank holding company, multibank holding company or out-of-state holding company to acquire control of any bank located in this state if such acquisition would result in a monopoly or in an attempt to monopolize the business of banking in this state.

B. Multibank holding companies authorized. A company may be a multibank holding company and have direct or indirect ownership or control of two or more banks or bank holding companies, subject to

the deposit limitation provided for in subsection C of this section; provided that except as specifically permitted in this Code, all forms of direct or indirect ownership or control of banks, bank holding companies, and multibank holding companies by any out-of-state bank or out-of-state bank holding company shall be prohibited.

C. Limitation. It shall be unlawful for a bank holding company or multibank holding company or an out-of-state bank or out-of-state bank holding company to acquire direct or indirect ownership or control of any insured depository institution located in this state if the acquisition results in any such holding company or bank having direct or indirect ownership or control of insured depository institutions located in this state, the total deposits of which at the time of the acquisition exceed fifteen percent (15%) of the total amount of deposits of insured depository institutions located in this state as determined by the State Banking 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 or to acquire direct or indirect control of any insured depository institution in this state after such bank holding company or multibank holding company or an out-of-state bank or out-of-state bank holding company has reached or exceeded the fifteen percent (15%) threshold as provided in this subsection.

Acquisitions of other bank holding companies, multibank holding companies or out-of-state bank holding companies shall not be exempt from this limitation.

D. Board of Directors requirements. ~~The Board of Directors of~~ ~~For~~ each bank acquired by a bank holding company, multibank holding company ~~shall have~~ or out-of-state bank holding company, no less than a majority of ~~the~~ that bank's total membership of the Board of Directors ~~of the bank from~~ shall reside in the local area in which the bank is located.

E. Exceptions to deposit limitation. The deposit limitation provided for in subsection C of this section shall not apply in the following circumstances:

1. Control of a bank by reason of ownership or control of shares acquired by a bank ~~or by a~~, bank holding company, multibank holding company or out-of-state bank holding company in good faith in a fiduciary capacity, except where such shares are held for the benefit of the shareholders of such bank ~~or such~~, bank holding company, multibank holding company or out-of-state bank holding company; or

2. Control of a bank by reason of ownership or control of shares acquired by a bank ~~or by~~, a bank holding company, multibank holding company or out-of-state bank holding company in the regular course of securing or collecting a debt previously contracted in good faith.

F. Limitation on acquisitions. A bank, branch bank, savings association or savings association branch shall not be acquired by a bank holding company ~~or a~~, multibank holding company or out-of-state bank holding company for a period of five (5) years after the bank, branch bank, savings association or savings association branch was granted its charter by the appropriate authorizing agency. However, the provisions of this subsection shall not prevent a bank holding company ~~or a~~, multibank holding company or out-of-state bank holding company from directly or indirectly acquiring a bank whose charter was granted for the purpose of:

~~1. Purchasing~~ 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 an existing bank with an interim bank charter in accordance with the laws of this state or of the United States.~~

Nothing in this subsection shall be construed to preclude the acquisition of a bank that has been chartered for less than five (5) years by a company that, as a result of the acquisition, will become a newly formed bank holding company which does not own or control, directly or indirectly, another bank.

~~C. De novo charter prohibition. A bank holding company or a multibank holding company shall not apply for or obtain a de novo charter except for the following purposes:~~

~~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. In the case of a bank holding company, merging with an existing bank subsidiary or subsidiaries of the bank holding company in accordance with the laws of this state or of the United States and subject to the following provisions:~~

~~a. a bank holding company may apply for and obtain only one de novo charter for the purpose of merging with an existing bank subsidiary or subsidiaries pursuant to this subsection, and~~

~~b. the de novo chartered bank shall be the survivor of any such merger, and~~

~~c. the de novo chartered bank shall be the main banking office of the merged banks, and~~

~~d. the deposit limitations provided for in subsection C of this section and paragraph 1 of subsection D of Section 501.1 of this title shall be applicable to any such merger, and~~

~~e. the de novo chartered bank shall have branching authority under subsections A and C of Section 501.1 of this title.~~

~~A company shall not be deemed to be a bank holding company for purposes of this section until it owns or controls a bank which has~~

~~received a charter from the Board of this state, the Comptroller of the Currency or a foreign country.~~

~~H. Interim charters. A bank holding company or a multibank holding company may apply for and obtain an interim charter to organize an interim state bank for the purpose of facilitating the creation of a bank holding company, or acquiring or merging with an existing bank in accordance with the provisions of Section 502.1 of this title or the laws of the United States.~~

~~F. G. Acquisition approval - Reports. A national bank in this state, bank holding company, ~~or~~ multibank holding company or out-of-state bank holding company seeking to acquire a ~~state bank or national bank~~ with its main office in this state, or a nonbanking company that submits an application for approval of such acquisition to the Board of Governors of the Federal Reserve System pursuant to the provisions of Sections 1841 et seq. of Title 12 of the United States Code Annotated, shall also submit a copy of such application to the Banking Board.~~

~~J. H. Jurisdiction - Appeals. The district court shall have jurisdiction to determine all questions of compliance with the provisions of this section, except such jurisdiction shall not apply to actions of the Board or proceedings before the Board conducted pursuant to the Banking Code. The decision of the district court shall be appealable to the Supreme Court in the same manner as in other civil cases.~~

~~K. I. Reports and examinations.~~

1. Each bank holding company, multibank holding company and out-of-state bank holding company which directly or indirectly owns, controls, or has power to vote twenty-five percent (25%) or more of the voting shares of one or more banks shall furnish a copy of the annual report of the operations of the holding company which is submitted to the Federal Reserve Bank for each fiscal year to the Commissioner.

2. The books and records of each bank holding company ~~of,~~
multibank holding company or out-of-state bank holding company
controlling one or more state-chartered banks are subject to
inspection and examination by the Commissioner.

SECTION 5. AMENDATORY 6 O.S. 1991, Section 506, as last
amended by Section 57, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997,
Section 506), is amended to read as follows:

Section 506. A. Authorization for acquisition. An out-of-
state bank holding company, upon approval by the Federal Reserve
Board, may acquire an unlimited number of banks, bank holding
companies and multibank holding companies. Any acquisition made
pursuant to the provisions of this section may include assets and
liabilities of the bank, bank holding company or multibank holding
company and all branches and facilities thereof.

B. Prohibited transactions. The provisions of this section
shall not be construed to:

1. Permit any bank, bank holding company or multibank holding
company which becomes a subsidiary of, or is otherwise deemed to be
controlled by, an out-of-state bank holding company to convert to a
branch or to acquire direct or indirect ownership or control of any
additional bank, bank holding company or multibank holding company,
or to establish additional branches or facilities, except as
otherwise provided for by the Oklahoma Banking Code; or

2. Permit any out-of-state bank holding company to acquire any
bank, bank holding company or multibank holding company, except as
otherwise permitted by this section.

C. ~~Bid procedures. The bid procedure for the acquisition of a
bank that has been closed due to insolvency or impairment of capital
shall be as follows:~~

~~The Federal Deposit Insurance Corporation shall set minimum bid
requirements for assets and liabilities of the bank subject to
acquisition. The Federal Deposit Insurance Corporation's~~

~~calculations and estimates of the minimum bid requirements shall be determinative. Bids for such assets and liabilities shall be solicited exclusively from banks, bank holding companies, multibank holding companies, individuals and groups of individuals. The Federal Deposit Insurance Corporation may solicit such bids as are practicable from prospective purchasers or merger partners it determines, in its sole discretion, are both qualified and capable of acquiring assets and liabilities of the bank. If the minimum bid requirements are met by any of such entities, the bank shall be acquired by the bidder whose bid was determined by the Federal Deposit Insurance Corporation, in its sole discretion, to be the least costly and most acceptable bid from among those submitted. If the minimum bid requirements are not met by any of such entities, the Federal Deposit Insurance Corporation shall extend the solicitation for bids to include out-of-state bank holding companies determined by the Federal Deposit Insurance Corporation to be qualified bidders.~~

D. Approval of acquisition. No acquisition provided for in this section shall be permitted unless the approval of the Federal Reserve Board required pursuant to subsection A of this section:

1. Includes, for all acquisitions, a finding that:

- a. the bank sought to be acquired or all of the bank subsidiaries of the bank holding company or multibank holding company sought to be acquired have either been in existence and continuous operation for more than five (5) years or were chartered before May 7, 1986,
- b. notice of intent to acquire has been published in a newspaper of general paid circulation in the county or counties where the bank or banks to be acquired are located and that a notice of intent to acquire has been mailed by certified mail with return receipt requested to each person owning stock in the bank,

bank holding company or multibank holding company to be acquired,

- c. the reports required by the Federal Reserve Board in order to assess the out-of-state bank holding company's record of meeting the credit needs of its entire community as required under the provisions of Section 2903 of Title 12 of the United States Code have been placed on file as a matter of public record with the Oklahoma Banking Department, and
- d. the bank and, if acquired indirectly, its bank holding company or multibank holding company immediately after the acquisition meets the capital adequacy guidelines of the appropriate federal financial supervisory agency; and

2. Includes, for any acquisition of a majority of the voting shares, a finding that the acquisition has been approved by the board of directors and a majority of the voting shares of the bank or of its parent bank holding company or multibank holding company.

~~E.~~ D. Limitations and restrictions. All limitations and restrictions of the Oklahoma Banking Code applicable to banks, bank holding companies and multibank holding companies shall apply to a bank, bank holding company or multibank holding company which becomes a subsidiary of an out-of-state bank holding company and to such out-of-state bank holding company. In addition, any bank which becomes a subsidiary of an out-of-state bank holding company shall maintain current reports showing the bank's record of meeting the credit needs of its entire community as required by the bank's federal financial supervisory agency under Section 2903 of Title 12 of the United States Code on file as a matter of public record with the Oklahoma Banking Department. The provisions of this subsection shall not be construed to prohibit the acquisition by an out-of-state bank holding company of all or substantially all of the shares

~~of a bank organized solely for the purpose of facilitating the acquisition of a bank or all of the bank subsidiaries of a bank holding company or multibank holding company which have either been in existence and continuous operation for at least five (5) years, if the acquisition has otherwise been approved pursuant to this subsection. Nor shall the provisions of this subsection be construed to prohibit an out-of-state bank holding company which acquires a bank, bank holding company or multibank holding company under this section from additional acquisitions under this section, if such acquisitions would otherwise be permitted.~~

~~F.~~ E. Applicable law. Any out-of-state bank holding company which controls a bank, a bank holding company or multibank holding company shall be subject to laws of this state and rules of its agencies relating to the acquisition, ownership, and operation of banks, bank holding companies and multibank holding companies.

~~G.~~ F. Divestiture. The Board shall have the power to enforce the prohibitions provided for in subsection B of this section by requiring divestiture and through the imposition of fines and penalties, the issuance of cease and desist orders, and such other remedies as are provided by law.

~~H.~~ G. Judicial review. Any final order of the Board shall be appealable pursuant to the provisions of Section 207 of this title.

SECTION 6. REPEALER 6 O.S. 1991, Section 502.1, as last amended by Section 56, Chapter 111, O.S.L. 1997 (6 O.S. Supp. 1997, Section 502.1), is hereby repealed.

SECTION 7. This act shall become effective July 1, 1998.

SECTION 8. 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.

