

SENATE BILL NO. 64

INTRODUCED BY D. STEINBEISSER

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING BANKING LAWS; REVISING ACCESS TO CERTAIN BANK HOLDING COMPANY RECORDS BY THE DIVISION OF BANKING AND FINANCIAL INSTITUTIONS OF THE DEPARTMENT OF ADMINISTRATION; ALLOWING DE NOVO INTERSTATE BANK BRANCHING THAT IS CONSISTENT WITH FEDERAL LAW; CLARIFYING INTERSTATE BANKING BY THE ACQUISITION OF EXISTING BANKS; GRANTING THE DEPARTMENT OF ADMINISTRATION RULEMAKING AUTHORITY; AND AMENDING SECTIONS 32-1-220, 32-1-372, AND 32-1-381, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-1-220, MCA, is amended to read:

"32-1-220. Access to holding companies and affiliated entities. The division may review the books and affairs of a bank holding company operating under the Bank Holding Company Act of 1956 during the course of a ~~regularly scheduled~~ safety and soundness examination of the bank holding company's wholly owned subsidiary bank TO THE EXTENT THAT THE RECORDS PERTAIN TO THE OPERATIONS AND FINANCIAL CONDITION OF THE SUBSIDIARY BANK OR TO THE HOLDING COMPANY'S INDEBTEDNESS. THE AUTHORITY GRANTED IN THIS SECTION DOES NOT AUTHORIZE THE DIVISION TO REGULATE OR CHARGE ASSESSMENTS TO A BANK HOLDING COMPANY. ~~whenever serious regulatory concerns arise that could jeopardize the safety and soundness of the particular subsidiary being examined. The purpose of the authority granted in this section is to resolve serious regulatory concerns that arise during the examination from bank holding company transactions with the subsidiary being examined. The authority granted in this section does not authorize a review of the holding company as a standard procedure when the division has no serious regulatory concerns over transactions with the subsidiary being examined."~~

Section 2. Section 32-1-372, MCA, is amended to read:

"32-1-372. Branch bank. (1) A bank may establish and maintain branch banks, as provided in 32-1-371 and this section. The formation and operation of a branch bank in this state, ~~wherever located,~~ by a bank organized under the laws of this state require the prior approval of the department. A bank organized under the

1 laws of this state may establish, acquire, or operate a branch bank or other office outside this state if approved
2 by the department and if permitted by the laws of the jurisdiction where the branch bank or office is to be located.

3 (2) A branch bank may but is not required to offer all services and conduct all business authorized to be
4 offered or conducted by the bank.

5 (3) A bank authorized to do banking business in this state may use a satellite terminal, as defined in
6 32-6-103, at any location permitted by the Montana Electronic Funds Transfer Act.

7 (4) A bank may continue to maintain and operate all branch banks and other banking offices, including
8 detached facilities, that are in existence or authorized on July 1, 1997, without further consent, authorization, or
9 approval of the department or the board. All offices established and maintained by a bank, other than the main
10 banking house, at which deposits are received, checks are paid, or money is lent must be considered branch
11 banks for all purposes under this title.

12 (5) A bank located in this state may provide services for other banks located in this state, whether or not
13 those banks are affiliates.

14 ~~(6) A bank may establish and maintain branch banks, as provided in 32-1-371 and this section. However,~~
15 ~~this section may not be interpreted to authorize de novo interstate bank branching and may not be interpreted~~
16 ~~to authorize a bank not located in this state to establish, acquire, or operate a branch bank in this state. With the~~
17 ~~prior approval of the appropriate federal regulator and state chartering authority, a bank that is not organized~~
18 ~~under the laws of this state may establish and operate a de novo branch in this state under the same terms that~~
19 ~~would apply to a bank organized under the laws of this state seeking approval from the department to establish~~
20 ~~and operate a de novo branch in this state.~~

21 (7) A bank that is not organized under the laws of this state that applies to the appropriate federal
22 regulator and state chartering authority under subsection (6) to establish and operate a de novo interstate branch
23 in Montana shall simultaneously file a copy of the application with the department for notification purposes.

24 (8) The department is authorized to adopt rules to implement this section."

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26 **Section 3.** Section 32-1-381, MCA, is amended to read:

27 "**32-1-381. Purpose.** ~~(1)~~ The purpose of 32-1-381 through 32-1-384 is to:

28 ~~(a)~~(1) authorize interstate banking by the acquisition of existing banks within the framework of the
29 "Douglas amendment" to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 through 1850), as amended;

30 ~~(b)~~(2) provide a variety of banking alternatives in Montana in terms of the numbers and ownership of

1 banks; and

2 ~~(e)(3)~~ conform Montana statutes with the provision of the Riegle-Neal Interstate Banking and Branching
3 Efficiency Act of 1994, Public Law 103-328, 108 Stat. 2338, effective September 29, 1994. Any inconsistencies
4 between the provisions of 32-1-381 through 32-1-384 and Public Law 103-328 must be resolved in favor of Public
5 Law 103-328.

6 ~~(2) Sections 32-1-381 through 32-1-384 do not authorize the establishment of a branch bank in Montana~~
7 ~~by a bank not located in Montana. Sections 32-1-371 and 32-1-375 do not apply to acquisitions or transactions~~
8 ~~authorized in 32-1-381 through 32-1-384."~~

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