

Fifty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2267

Introduced by

Senators Trenbeath, Espegard

Representatives Dosch, Tieman

A BILL for an Act to create and enact a new subsection to section 6-08.4-01 and a new section to chapter 6-08.4 of the North Dakota Century Code, relating to banking definitions and branch restrictions; and to amend and reenact sections 6-08.4-02, 6-08.4-03, 6-08.4-05, and 6-08.4-06 of the North Dakota Century Code, relating to approval by federal regulatory authorities, authority of a bank to branch interstate, notice and filing requirements, and powers of banks operating through interstate branches.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 6-08.4-01 of the North Dakota Century Code is created and enacted as follows:

"Transaction" means a bank's establishment, operation, and, as applicable, retention of a bank branch office in a state other than its home state, whether de novo, by acquisition of a separate branch office, or through a merger of a North Dakota bank with another bank.

SECTION 2. A new section to chapter 6-08.4 of the North Dakota Century Code is created and enacted as follows:

Reciprocity required. To the extent a state imposes a restriction on the ability of a North Dakota bank to establish, acquire, or retain a branch in that state, that restriction must apply to the establishment, acquisition, or retention of a branch in this state by the out-of-state bank.

SECTION 3. AMENDMENT. Section 6-08.4-02 of the North Dakota Century Code is amended and reenacted as follows:

6-08.4-02. Interstate mergers branches. Effective May 31, 1997 Subject to section 6-08.4-06, the responsible federal regulatory authority may approve a ~~merger~~ transaction under

the Federal Deposit Insurance Act [Pub. L. 81-967; 64 Stat. 87; 12 U.S.C. 1811 et seq.]
~~between a North Dakota bank and an out-of-state bank.~~

SECTION 4. AMENDMENT. Section 6-08.4-03 of the North Dakota Century Code is amended and reenacted as follows:

6-08.4-03. Authority of state banks to establish interstate branches ~~by merger~~.

Notwithstanding section 6-08.4-02, ~~effective May 31, 1997~~, a North Dakota state-chartered bank, with approval of the board, may establish, ~~maintain~~ acquire, retain, and operate one or more branches in a state other than this state ~~pursuant to an interstate merger in which the North Dakota state-chartered bank is the resulting bank.~~ An application must be filed with the board at the time an application is filed with the responsible federal regulatory authority. The North Dakota state-chartered bank must also comply with section 6-03-11 or 6-03-13.3, as applicable. The board may approve the ~~interstate merger~~ transaction if the board finds that:

1. The proposed ~~interstate merger~~ transaction will not be detrimental to the safety and soundness of the ~~resulting~~ North Dakota state-chartered bank;
2. Any new officers and directors are qualified, and possess appropriate experience and financial responsibility ~~to direct and manage the resulting North Dakota state-chartered bank;~~ and
3. The proposed ~~merger~~ transaction is consistent with the convenience and needs of the communities to be served by the ~~resulting~~ bank in this state and is otherwise in the public interest.

SECTION 5. AMENDMENT. Section 6-08.4-05 of the North Dakota Century Code is amended and reenacted as follows:

6-08.4-05. Notice and filing requirements. Any out-of-state bank that ~~will be the resulting bank pursuant to an interstate merger involving a North Dakota bank~~ proposes a transaction for a branch in this state must notify and submit a copy of its ~~interstate merger transaction~~ application to the board ~~of the proposed merger~~ not later than the date on which it files the application with the responsible federal regulatory authority.

SECTION 6. AMENDMENT. Section 6-08.4-06 of the North Dakota Century Code is amended and reenacted as follows:

6-08.4-06. Powers.

- 1 1. An out-of-state state-chartered bank that establishes, acquires, and ~~maintains~~
2 retains one or more branches in this state under this chapter may conduct any
3 activities at the branch or branches that are authorized under the laws for North
4 Dakota state banks, except to the extent those activities may be prohibited by the
5 laws, rules, or orders of the home state applicable to the out-of-state
6 state-chartered bank.
- 7 2. A North Dakota state-chartered bank may conduct any activities at any branch
8 outside this state which are permissible for an out-of-state state-chartered bank
9 where the branch is located, except to the extent those activities are expressly
10 prohibited by North Dakota law, rule, or order.