

**Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003**

SENATE BILL NO. 2267
(Senators Trenbeath, Espegard)
(Representatives Dosch, Tieman)

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

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2267.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 93 Nays 0 Absent 1

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,
at _____ o'clock _____ M.

Secretary of State