

SENATE BILL NO. 2267

Introduced by

Senators Trenbeath, Espegard

Representatives Dosch, Tieman

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

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

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

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

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

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

22 **6-08.4-02. Interstate mergers branches.** ~~Effective May 31, 1997~~ Subject to section
23 6-08.4-06, the responsible federal regulatory authority may approve a merger transaction under

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

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

5 **6-08.4-03. Authority of state banks to establish interstate branches ~~by merger.~~**

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

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

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

23 **6-08.4-05. Notice and filing requirements.** Any out-of-state bank that ~~will be the~~
24 ~~resulting bank pursuant to an interstate merger involving a North Dakota bank~~ proposes a
25 transaction for a branch in this state must notify and submit a copy of its ~~interstate merger~~
26 transaction application to the board ~~of the proposed merger~~ not later than the date on which it
27 files the application with the responsible federal regulatory authority.

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

30 **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.