

1 HOUSE BILL NO. 118

2 INTRODUCED BY W. MCNUTT

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING BANKING LAWS; ELIMINATING THE PROHIBITION
6 ON OUT-OF-STATE BANKS AND BANK HOLDING COMPANIES FROM ACQUIRING IN-STATE BANKS OR
7 BRANCH BANKS BY CONSOLIDATION OR MERGER; AUTHORIZING CERTAIN ACTIVITIES AND
8 ESTABLISHING REQUIREMENTS FOR A BANK RESULTING FROM CONSOLIDATION OR MERGER WITH
9 RESPECT TO BRANCH BANKING; AUTHORIZING IN-STATE BANKS TO ESTABLISH OUT-OF-STATE
10 BRANCH BANKS; REPEALING THE AUTHORIZATION OF OUT-OF-STATE BANKS TO DO BUSINESS IN
11 MONTANA USING THEIR EXISTING CORPORATE NAME PROVIDED THEY DO NOT ENGAGE IN BANKING
12 BUT ONLY LOAN MONEY; AMENDING SECTIONS 32-1-371, 32-1-372, AND 32-1-1001, MCA; AND
13 REPEALING SECTION 32-1-103, MCA."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 **Section 1.** Section 32-1-371, MCA, is amended to read:

18 **"32-1-371. Consolidation or merger of banks.** (1) (a) Any two or more banks doing business in this
19 state may, with the approval of the department in the case of a resulting state bank, consolidate or merge into
20 one bank, on terms and conditions lawfully agreed upon by a majority of the board of directors of each bank
21 proposing to consolidate or merge. Except as otherwise expressly provided in this chapter, the consolidation
22 or merger of a state bank is governed by Title 35, chapter 1.

23 ~~(b) This section does not permit a bank or bank holding company located in another state to acquire~~
24 ~~by consolidation or merger any bank or branch bank in this state.~~

25 ~~(e)(b)~~ A bank organized under the laws of this state may, with the approval of the department in the case
26 of a resulting bank, consolidate or merge with a savings association located in this state and may, upon the
27 consolidation or merger, maintain the branch banks and other offices previously maintained by both the bank
28 and the savings association.

29 (2) Upon consolidation or merger, the corporate franchise, the corporate life, being, and existence, and
30 the corporate rights, powers, duties, privileges, franchises, and obligations, including the rights, powers, duties,

1 privileges, and obligations as trustee, executor, administrator, and guardian and every right, power, duty,
 2 privilege, and obligation as fiduciary, together with title to every species of property, real, personal, and mixed,
 3 of the consolidating or merging banks, are, without the necessity of any instrument of transfer, consolidated or
 4 merged and continued in and held, enjoyed, and assumed by the ~~consolidated or merged~~ resulting bank. The
 5 ~~consolidated or merged~~ resulting bank has the right equal with any other applicant to appointment by the courts
 6 to the offices of executor, administrator, guardian, or trustee under any will or other instrument made prior to the
 7 consolidation or merger and by which will or instrument the consolidating or merging bank was nominated by
 8 the maker to the office.

9 (3) Upon consolidation or merger, the ~~consolidated or merged~~ resulting bank shall designate and
 10 operate one of the prior main banking houses of the consolidating or merging banks as its main banking house
 11 and the bank may maintain and continue to operate the main banking houses of each of the other consolidating
 12 or merging banks as a branch bank.

13 (4) (a) Upon consolidation or merger, the resulting bank may:

14 (i) maintain the branch banks and other offices previously maintained by the consolidating or merging
 15 banks; and

16 (ii) establish, acquire, or operate additional branch banks at any location where any bank involved in the
 17 consolidation or merger could have established, acquired, or operated a branch bank under applicable federal
 18 or state law if that bank had not been a party to the consolidation or merger.

19 (b) A resulting bank that intends to establish, acquire, or operate a branch bank pursuant to subsection
 20 (4)(a) that is organized under the laws of this state must receive prior approval from the department as provided
 21 for in 32-1-372, whether or not the branch bank is to be located within or outside this state.

22 (c) A resulting bank organized under federal law or the laws of another state shall provide the
 23 department with copies of all applications or notices filed with any federal or other state regulatory agency
 24 seeking to establish, acquire, or operate a branch bank pursuant to subsection (4)(a) within this state. The
 25 copies must be filed with the department within 5 days of their filing with the federal or other state agency.

26 ~~(4)(5)~~ Upon consolidation or merger, the resulting bank, including all depository institutions that are
 27 affiliates of the resulting bank, may not directly or indirectly control more than 22% of the total amount of deposits
 28 of insured depository institutions and credit unions located in this state."
 29

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

1 **"32-1-372. Branch bank.** (1) A bank may establish and maintain branch banks, as provided in 32-1-371
 2 and this section, ~~at any place within the state.~~ The formation and operation of a branch bank, wherever located,
 3 by a bank organized under the laws of this state require the prior approval of the department. A bank organized
 4 under the laws of this state may establish, acquire, or operate a branch bank or other office outside this state
 5 if approved by the department and if permitted by the laws of the jurisdiction where the branch bank or office
 6 is to be located.

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

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

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

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

19 (6) ~~This~~ A bank may establish and maintain branch banks, as provided in 32-1-371 and this section.
 20 However, this section may not be interpreted to authorize de novo interstate bank branching and may not be
 21 interpreted to authorize a bank not located in this state to establish, acquire, or operate, ~~or maintain~~ a branch
 22 bank in this state."
 23

24 **Section 3.** Section 32-1-1001, MCA, is amended to read:

25 **"32-1-1001. Definition of foreign trust company.** (1) For the purposes of this part, the term "foreign
 26 trust company" includes each banking and trust association or corporation organized under the laws of any state
 27 other than Montana that has the power to act as trustee, guardian, or conservator and each national banking
 28 association that maintains its principal office in any state other than Montana that has been granted permission
 29 by the comptroller of the currency to act in a fiduciary capacity under the provisions of 12 U.S.C. 92a, as
 30 amended.

1 (2) A foreign trust company acting pursuant to this part is not a foreign corporation regulated by
2 ~~32-1-103~~ or 32-1-402."

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4 NEW SECTION. **Section 4. Repealer.** Section 32-1-103, MCA, is repealed.

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