

SENATE BILL NO. 430

INTRODUCED BY S. FITZPATRICK

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A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE TERM OF BANK DIRECTORS AND ALLOWING STAGGERED TERMS; AMENDING SECTIONS 32-1-301 AND 32-1-322, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 32-1-301, MCA, is amended to read:

"32-1-301. Organization and incorporation -- articles of incorporation. (1) A person desiring to organize a banking corporation shall make and file articles of incorporation with the department and, upon approval by the department, may file the articles with the secretary of state as provided in Title 35, chapter 14.

The articles of incorporation must set forth:

- (a) the information required by 35-14-202(1);
- (b) the name of the city or town and county in which the principal office of the corporation is to be located;
- (c) the names and places of residence of the initial shareholders and the number of shares subscribed by each;
- (d) the number of the board of directors and the names of those initially agreed on ~~upon~~ ~~for the first year~~; and
- (e) the purpose for which the banking corporation is formed, which may be set forth by the use of the general terms defined in this chapter, with reference to each line of business in which the proposed corporation desires to engage.

(2) In addition to provisions required in subsection (1), the articles of incorporation may also contain provisions set forth in 35-14-202(2).

(3) A banking corporation may not adopt or use the name of any other banking corporation or association, and the corporation name must comply with 35-14-401(2) through (4).

1 (4) A banking corporation may not be organized or incorporated until the articles of incorporation
2 have been submitted to and have been approved by the department and until it has obtained a certificate from
3 the board authorizing the proposed corporation to transact the business specified in the articles of incorporation
4 within this state.

5 (5) A banking corporation may not amend or restate its articles of incorporation until its articles of
6 amendment or articles of restatement have been submitted to and have been approved by the department and
7 until it has obtained approval from the department authorizing the proposed amendment or restatement.

8 (6) For banks organized before October 1, 1993, articles of agreement are considered articles of
9 incorporation."

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11 **Section 2.** Section 32-1-322, MCA, is amended to read:

12 "**32-1-322. Board of directors -- qualifications, tenure, and vacancies.** (1) The affairs of the bank
13 must be managed by a board of directors consisting of ~~not less~~ no fewer than three persons. At least two-thirds
14 of the board must be residents of Montana. Directors need not be shareholders of the corporation unless
15 required by the articles of incorporation or bylaws. A person who has been convicted of a crime against the
16 banking laws of the United States or of any state may not be elected a director.

17 (2) ~~The directors must be elected for a term of 1 year at the annual meeting of the stockholders.~~

18 (a) As set forth in the bylaws of the institution, the directors may serve a term of multiple years and the terms
19 may be staggered.

20 (b) The annual meeting must be held before April 15 of each calendar year. If the election is not
21 held on the day fixed for the annual meeting, the corporation is not dissolved, but an election may be held at
22 any other time agreeable to the bylaws of the corporation, and the persons elected shall hold their office until
23 successors are elected and qualified.

24 (c) Every director shall take and subscribe an oath that the director will diligently and honestly
25 perform the director's duty in the office and that the director will not knowingly violate or permit a violation of any
26 of the provisions of this chapter. The oaths must be made in duplicate; ~~one~~ One copy must be transmitted to
27 and filed with the department, and one copy must be kept on file in the office of the bank."

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