

UNOFFICIAL COPY OF HOUSE BILL 1735
EMERGENCY BILL

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6lr3715
CF 6lr3700

By: **Delegates Moe and D. Davis**

Rules suspended

Introduced and read first time: March 16, 2006

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 18, 2006

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 29, 2006

CHAPTER _____

1 AN ACT concerning

2

Branching by Banks

3 FOR the purpose of prohibiting a banking institution or out-of-state bank from
4 establishing or maintaining a branch in this State on the premises or property of
5 an affiliate if the affiliate engages in commercial activities; defining certain
6 terms; altering the definition of a certain term; making this Act an emergency
7 measure; and generally relating to branching by banks.

8 BY repealing and reenacting, with amendments,
9 Article - Financial Institutions
10 Section 5-1001 and 5-1003
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2005 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Financial Institutions**

16 5-1001.

17 (a) In this subtitle the following words have the meanings indicated.

18 (B) "AFFILIATE" MEANS ANY COMPANY THAT CONTROLS, IS CONTROLLED BY,
19 OR IS UNDER COMMON CONTROL WITH ANOTHER COMPANY.

1 [(b)] (C) "Bank" has the meaning stated [in § 2(c) of the federal Bank Holding
2 Company Act] IN THE FEDERAL DEPOSIT INSURANCE ACT, 12 U.S.C. § 1813(A)(1).

3 [(c)] (D) "Bank supervisory agency" means:

4 (1) The Office of the Comptroller of the Currency, the Federal Deposit
5 Insurance Corporation, the Board of Governors of the Federal Reserve System, or any
6 successor to these agencies; or

7 (2) An agency of another state with primary responsibility for chartering
8 and supervising banks.

9 [(d)] (E) (1) "Branch" means a bank office open to the public at which
10 deposits are received, checks are paid, or money is lent.

11 (2) "Branch" includes a mobile branch or other special-purpose facility
12 that performs a function of a branch.

13 (3) "Branch" does not include an automated teller machine as defined in
14 § 1-401 of this article.

15 (F) "COMMERCIAL ACTIVITIES" MEANS ACTIVITIES IN WHICH A BANK
16 HOLDING COMPANY, A FINANCIAL HOLDING COMPANY, A NATIONAL BANK, OR A
17 NATIONAL BANK FINANCIAL SUBSIDIARY MAY NOT ENGAGE UNDER FEDERAL LAW.

18 [(e)] (G) "De novo branch" means a branch of an out-of-state bank or banking
19 institution that:

20 (1) Is originally established by the out-of-state bank or banking
21 institution as a branch; and

22 (2) Does not become a branch of the out-of-state bank or banking
23 institution as a result of:

24 (i) The acquisition by the out-of-state bank or banking institution
25 of an insured depository institution or a branch of an insured depository institution;
26 or

27 (ii) The conversion, merger, or consolidation of an insured
28 depository institution or a branch of an insured depository institution.

29 [(f)] (H) "Home state" means:

30 (1) As to a national banking association, the state in which its main
31 office is located; and

32 (2) As to a state-chartered bank, the state by which it is chartered.

33 [(g)] (I) "Home state regulator" means the agency in a bank's home state with
34 primary responsibility for chartering and regulating banks.

1 [(h)] (J) "Host state" means a state, other than the home state of a bank, in
2 which the bank maintains or seeks to establish a branch.

3 [(i)] (K) "Insured depository institution" means any financial institution the
4 deposits of which are insured by the Federal Deposit Insurance Corporation.

5 [(j)] (L) "National banking association" means a bank chartered under the
6 National Bank Act.

7 [(k)] (M) "Other-state bank" means a bank chartered and primarily regulated
8 by another state.

9 [(l)] (N) "Out-of-state bank" means:

10 (1) A national banking association with its main office in a state other
11 than this State; or

12 (2) An other-state bank.

13 5-1003.

14 (A) A banking institution or an out-of-state bank may establish a branch in
15 this State by:

16 (1) Opening a de novo branch;

17 (2) Purchasing an existing branch from a bank or an insured depository
18 institution; or

19 (3) Converting former headquarters or retaining former branches
20 following:

21 (i) The purchase of all or substantially all of the assets of a bank or
22 an insured depository institution; or

23 (ii) A merger or a consolidation with a bank or an insured
24 depository institution.

25 (B) A BANKING INSTITUTION OR AN OUT-OF-STATE BANK MAY NOT
26 ESTABLISH OR MAINTAIN A BRANCH IN THIS STATE ON THE PREMISES OR PROPERTY
27 OF AN AFFILIATE IF THE AFFILIATE ENGAGES IN COMMERCIAL ACTIVITIES.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~
29 June 1, 2006 is an emergency measure, is necessary for the immediate preservation of
30 the public health or safety, has been passed by a yea and nay vote supported by
31 three-fifths of all the members elected to each of the two Houses of the General
32 Assembly, and shall take effect from the date it is enacted.

