

# HOUSE BILL 752

I1

8lr0081

---

By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: February 4, 2008

Assigned to: Economic Matters

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2008

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Financial Institutions – Regulation, Fees, and Assessments**

3 FOR the purpose of establishing the Banking Institution and Credit Union Regulation  
4 Fund as a continuing, nonlapsing special fund; specifying the contents of the  
5 Fund; requiring that the Fund be used for certain purposes; requiring the  
6 Commissioner of Financial Regulation to pay certain penalties and fines to a  
7 certain fund; requiring transitional funding for the regulation of banking  
8 institutions and credit unions; repealing, altering, and establishing certain fees;  
9 altering the annual assessment to be paid by certain banking institutions;  
10 altering the date by which the assessment must be paid; altering the time at  
11 which a certain permit expires; defining a certain term; and generally relating  
12 to the regulation of financial institutions.

13 BY repealing

14 Article – Financial Institutions

15 Section 2–108

16 Annotated Code of Maryland

17 (2003 Replacement Volume and 2007 Supplement)

18 BY adding to

19 Article – Financial Institutions

20 Section 2–108, 2–117, and 2–118

21 Annotated Code of Maryland

22 (2003 Replacement Volume and 2007 Supplement)

---

**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,  
 2 Article – Financial Institutions  
 3 Section 3–203(a), 5–203, 5–1005, 12–208(a), and 12–210  
 4 Annotated Code of Maryland  
 5 (2003 Replacement Volume and 2007 Supplement)

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

8 **Article – Financial Institutions**

9 [2–108.

10 For providing a certified copy of a document, the Commissioner shall charge a  
 11 fee of \$1 for each page and \$1 for each certificate.]

12 **2–108.**

13 (A) THE COMMISSIONER SHALL CHARGE AND COLLECT, IN ADVANCE,  
 14 THE FOLLOWING NONREFUNDABLE FEES:

15 (1) AN EXAMINATION FEE FOR A NEW COMMERCIAL BANK  
 16 CHARTER UNDER § 3–203 OF THIS ARTICLE..... \$15,000

17 (2) A FILING FEE FOR AN AGREEMENT OF CONSOLIDATION,  
 18 MERGER, OR TRANSFER OF ASSETS UNDER § 3–703 OF THIS ARTICLE:

19 (I) BETWEEN TWO COMMERCIAL BANKS..... \$3,000

20 (II) AMONG THREE OR MORE COMMERCIAL BANKS.... \$5,000

21 (3) AN APPLICATION FEE FOR A BANKING INSTITUTION TO HAVE  
 22 AN AFFILIATE UNDER § 5–403 OF THIS ARTICLE..... \$750

23 (4) A FEE FOR A CONVERSION OF A NATIONAL BANKING  
 24 ASSOCIATION, A FEDERAL STOCK SAVINGS AND LOAN ASSOCIATION, OR A  
 25 FEDERAL STOCK SAVINGS BANK INTO A COMMERCIAL BANK UNDER § 3–801 OF  
 26 THIS ARTICLE:

27 (I) FILING FEE..... \$7,000

28 (II) EXAMINATION FEE..... \$3,000

29 (5) (I) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A  
 30 BRANCH FEE FOR A NOTICE OF INTENTION OF A BANKING INSTITUTION OR

1 OTHER-STATE BANK TO OPEN A BRANCH UNDER § 5-1003 OF THIS  
2 ARTICLE.....\$600

3 (6) AN APPLICATION FEE FOR A FOREIGN BANKING PERMIT  
4 UNDER § 12-208 OF THIS ARTICLE..... \$500

5 (7) A RENEWAL FEE FOR A FOREIGN BANKING PERMIT UNDER §  
6 12-210 OF THIS ARTICLE..... \$500

7 (8) A FEE FOR A CERTIFICATE OF VALID CHARTER:

8 (I) IF REQUESTED BY OR ON BEHALF OF A BANKING  
9 INSTITUTION..... \$25

10 (II) IF REQUESTED BY OR ON BEHALF OF A PERSON OTHER  
11 THAN A BANKING INSTITUTION..... \$50

12 (9) A FEE FOR A CERTIFIED COPY OF A DOCUMENT.. ..... \$50

13 (B) THE BRANCH FEE UNDER SUBSECTION (A)(5) OF THIS SECTION  
14 DOES NOT APPLY TO:

15 (1) A BRANCH THAT IS ACQUIRED BY A BANKING INSTITUTION  
16 THROUGH A MERGER OR CONSOLIDATION WITH, OR TRANSFER TO THE BANKING  
17 INSTITUTION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF, A BANK OR AN  
18 INSURED DEPOSITORY INSTITUTION; OR

19 (2) AN OTHER-STATE BANK CHARTERED BY A STATE THAT DOES  
20 NOT CHARGE A FEE TO A BANKING INSTITUTION FOR ESTABLISHING A BRANCH  
21 IN THAT STATE.

22 2-117.

23 (A) IN THIS SECTION, “FUND” MEANS THE BANKING INSTITUTION AND  
24 CREDIT UNION REGULATION FUND ESTABLISHED UNDER THIS SECTION.

25 (B) THERE IS A BANKING INSTITUTION AND CREDIT UNION  
26 REGULATION FUND THAT CONSISTS OF:

27 (1) ALL REVENUE RECEIVED FOR THE CHARTERING AND  
28 REGULATION OF PERSONS WHO ENGAGE IN THE BUSINESS OF A BANKING  
29 INSTITUTION OR CREDIT UNION UNDER THIS ARTICLE; AND

1           (2) ANY OTHER FEE, ASSESSMENT, OR REVENUE RECEIVED BY  
2 THE COMMISSIONER FROM BANKING INSTITUTIONS AND CREDIT UNIONS  
3 UNDER THIS ARTICLE.

4           (C) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION, THE  
5 COMMISSIONER SHALL PAY ALL FINES AND PENALTIES COLLECTED BY THE  
6 COMMISSIONER FROM BANKING INSTITUTIONS AND CREDIT UNIONS UNDER  
7 THIS ARTICLE INTO THE GENERAL FUND OF THE STATE.

8           (D) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND  
9 EXPENSES INCURRED BY THE COMMISSIONER THAT ARE RELATED TO THE  
10 REGULATION OF BANKING INSTITUTIONS AND CREDIT UNIONS UNDER THIS  
11 ARTICLE, INCLUDING:

12                   (1) EXPENDITURES AUTHORIZED UNDER THIS ARTICLE; AND

13                   (2) ANY OTHER EXPENSE AUTHORIZED IN THE STATE BUDGET.

14           (E) (1) ALL THE COSTS AND EXPENSES OF THE COMMISSIONER  
15 RELATING TO THE REGULATION OF BANKING INSTITUTIONS AND CREDIT  
16 UNIONS UNDER THIS ARTICLE SHALL BE INCLUDED IN THE STATE BUDGET.

17                   (2) ANY EXPENDITURES FROM THE FUND TO COVER COSTS AND  
18 EXPENSES OF THE COMMISSIONER MAY BE MADE ONLY:

19                           (I) BY AN APPROPRIATION FROM THE FUND APPROVED BY  
20 THE GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

21                           (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED  
22 FOR IN § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

23                   (3) IF, IN ANY GIVEN FISCAL YEAR, THE AMOUNT OF THE  
24 REVENUE COLLECTED BY THE COMMISSIONER AND DEPOSITED INTO THE FUND  
25 EXCEEDS THE ACTUAL APPROPRIATION FOR THE COMMISSIONER TO REGULATE  
26 BANKING INSTITUTIONS AND CREDIT UNIONS UNDER THIS ARTICLE, THE  
27 EXCESS AMOUNT SHALL BE CARRIED FORWARD WITHIN THE FUND.

28           (F) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

29                   (2) THE STATE TREASURER SHALL DEPOSIT PAYMENTS  
30 RECEIVED FROM THE COMMISSIONER INTO THE FUND.

31           (G) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT  
32 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE,  
33 AND MAY NOT BE DEEMED A PART OF THE GENERAL FUND OF THE STATE.

1           **(2) UNLESS OTHERWISE PROVIDED BY LAW, NO PART OF THE**  
2 **FUND MAY REVERT OR BE CREDITED TO:**

3                   **(I) THE GENERAL FUND OF THE STATE; OR**

4                   **(II) A SPECIAL FUND OF THE STATE.**

5 **2-118.**

6           **(A) BEGINNING IN FISCAL YEAR 2009, THE GOVERNOR SHALL**  
7 **APPROPRIATE IN THE ANNUAL STATE BUDGET FUNDS TO THE DIVISION OF**  
8 **FINANCIAL REGULATION FOR THE PURPOSE OF REGULATING BANKING**  
9 **INSTITUTIONS AND CREDIT UNIONS.**

10           **(B) AN AMOUNT EQUAL TO THE GOVERNOR'S APPROPRIATION UNDER**  
11 **SUBSECTION (A) OF THIS SECTION SHALL BE REPAID BY THE BANKING**  
12 **INSTITUTION AND CREDIT UNION REGULATION FUND ESTABLISHED UNDER §**  
13 **2-117 OF THIS SUBTITLE TO THE GENERAL FUND OF THE STATE ON OR BEFORE**  
14 **JUNE 30, 2011.**

15 **3-203.**

16           (a) The incorporators shall[:

17                   (1) File] **FILE** with the Commissioner for examination the two copies  
18 of the articles of incorporation[; and

19                   (2) Pay to the Commissioner an examination fee of \$1,500].

20 **5-203.**

21           (a) The Commissioner shall impose annual assessments on each banking  
22 institution as provided in this section, to cover the expense of regulating banking  
23 institutions.

24           (b) (1) [The] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
25 **SUBSECTION, THE** Commissioner shall assess each banking institution the sum of:

26                   (i) [\$1,000] **\$8,000**; plus

27                   (ii) **1.** [8] **12** cents for each \$1,000 of the assets of the  
28 institution over [\$1,000,000.] **\$50,000,000, BUT NOT MORE THAN \$250,000,000;**

1                   2.    10 CENTS FOR EACH \$1,000 OF ASSETS OVER  
2 \$250,000,000, BUT NOT MORE THAN \$500,000,000;

3                   3.    9 CENTS FOR EACH \$1,000 OF ASSETS OVER  
4 \$500,000,000, BUT NOT MORE THAN \$1,000,000,000;

5                   4.    8 CENTS FOR EACH \$1,000 OF ASSETS OVER  
6 \$1,000,000,000, BUT NOT MORE THAN \$10,000,000,000; AND

7                   5.    7 CENTS FOR EACH \$1,000 OF ASSETS OVER  
8 \$10,000,000,000.

9                   (2) IF A BANKING INSTITUTION IS NOT IN THE BUSINESS OF  
10 ACCEPTING DEPOSITS OR RETAINING FUNDS IN A DEPOSIT ACCOUNT AS  
11 DEFINED IN § 5-509 OF THIS ARTICLE, THE COMMISSIONER SHALL ASSESS THE  
12 BANKING INSTITUTION THE SUM OF:

13                   (I)   \$5,000; PLUS

14                   (II) 1.   ~~3~~ 0.3 CENTS FOR EACH \$1,000 OF MANAGED  
15 ASSETS HELD IN A FIDUCIARY CAPACITY UP TO \$5,000,000,000;

16                   2.    ~~2~~ 0.2 CENTS FOR EACH \$1,000 OF MANAGED  
17 ASSETS HELD IN A FIDUCIARY CAPACITY OVER \$5,000,000,000, BUT NOT MORE  
18 THAN \$20,000,000,000;

19                   3.    ~~1~~ 0.1 CENT FOR EACH \$1,000 OF MANAGED  
20 ASSETS HELD IN A FIDUCIARY CAPACITY OVER \$20,000,000,000 UP TO  
21 \$27,500,000,000;

22                   4.    ~~2~~ 0.2 CENTS FOR EACH \$1,000 OF NONMANAGED  
23 AND CUSTODIAL ASSETS HELD IN A FIDUCIARY CAPACITY UP TO \$5,000,000,000;  
24 AND

25                   5.    ~~1~~ 0.1 CENT FOR EACH \$1,000 OF NONMANAGED  
26 AND CUSTODIAL ASSETS HELD IN A FIDUCIARY CAPACITY OVER \$5,000,000,000  
27 UP TO \$20,000,000,000.

28                   [(2)] (3) The assessments shall be based on assets stated in a  
29 banking institution's most recent financial report.

30                   (C) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION, FOR A  
31 BANKING INSTITUTION WITH A COMPOSITE CAMELS RATING OF 3, 4, OR 5 FOR  
32 ITS MOST RECENT EXAMINATION, THE ANNUAL ASSESSMENT IMPOSED UNDER  
33 THIS SECTION SHALL BE INCREASED BY AN ADDITIONAL 25%.

1            [(c)] (D)        A banking institution shall pay the assessment imposed under this  
2 section to the Commissioner on or before the [February 1] **APRIL 15** after it is  
3 imposed.

4 5–1005.

5            [(a)] A banking institution that proposes to establish a branch in this State or  
6 in another state shall:

7                    (1)        File with the Commissioner, at least 30 days before the intended  
8 opening date, a notice of intention to open a branch; **AND**

9                    (2)        Submit to the Commissioner any information the Commissioner  
10 requires in order to evaluate the proposed branch[; and

11                    (3)        Pay to the Commissioner a branch fee of \$500.

12            (b)        The branch fee shall not apply to a branch that is acquired by a banking  
13 institution through a merger or consolidation with, or transfer to the banking  
14 institution of all or substantially all of the assets of, a bank or an insured depository  
15 institution].

16 12–208.

17            (a)        To apply for a permit for an office, a foreign banking corporation shall[:

18                    (1)        Submit] **SUBMIT** to the Commissioner an application on the form  
19 that the Commissioner requires[; and

20                    (2)        Pay to the Commissioner the application fee set by the  
21 Commissioner].

22 12–210.

23            (a)        A permit expires on the [second] **THIRD** anniversary of its effective date,  
24 unless the permit is renewed for a [2–year] **3–YEAR** term as provided in this section.

25            (b)        Before its permit expires, the foreign banking corporation may renew the  
26 permit for additional [2–year] **3–YEAR** terms if the foreign banking corporation:

27                    (1)        At least 30 days before its permit expires[:

28                            (i)        Submits] **SUBMITS** to the Commissioner a renewal  
29 application on the form that the Commissioner requires; and

1 [(ii) Pays to the Commissioner the renewal fee set by the  
2 Commissioner; and]

3 (2) Meets the requirements for issuance of a permit under § 12-209 of  
4 this subtitle.

5 (c) The Commissioner shall renew the permit of each foreign banking  
6 corporation that meets the requirements of this section.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2008.

Approved:

---

Governor.

---

Speaker of the House of Delegates.

---

President of the Senate.