

CHAPTER 293

(House Bill 752)

AN ACT concerning

Financial Institutions – Regulation, Fees, and Assessments

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

BY repealing

Article – Financial Institutions

Section 2–108

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

BY adding to

Article – Financial Institutions

Section 2–108, 2–117, and 2–118

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 3–203(a), 5–203, 5–1005, 12–208(a), and 12–210

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

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

Article – Financial Institutions

[2–108.

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

2-108.

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

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

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

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

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

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

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

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

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

(5) (I) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A BRANCH FEE FOR A NOTICE OF INTENTION OF A BANKING INSTITUTION OR OTHER-STATE BANK TO OPEN A BRANCH UNDER § 5-1003 OF THIS ARTICLE.....\$600

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

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

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

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

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

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

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

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

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

2-117.

(A) IN THIS SECTION, "FUND" MEANS THE BANKING INSTITUTION AND CREDIT UNION REGULATION FUND ESTABLISHED UNDER THIS SECTION.

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

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

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

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

(D) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND EXPENSES INCURRED BY THE COMMISSIONER THAT ARE RELATED TO THE

REGULATION OF BANKING INSTITUTIONS AND CREDIT UNIONS UNDER THIS ARTICLE, INCLUDING:

- (1) EXPENDITURES AUTHORIZED UNDER THIS ARTICLE; AND**
- (2) ANY OTHER EXPENSE AUTHORIZED IN THE STATE BUDGET.**

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

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

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

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

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

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

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

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

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

(I) THE GENERAL FUND OF THE STATE; OR

(II) A SPECIAL FUND OF THE STATE.

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

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

3-203.

(a) The incorporators shall[:

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

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

5-203.

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

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

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

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

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

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

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

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

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

(I) \$5,000; PLUS

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

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

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

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

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

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

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

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

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

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

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

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

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

12-208.

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

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

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

12-210.

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

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

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

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

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

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

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

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

Approved by the Governor, April 24, 2008.