

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1995**

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**SENATE BILL 414**

Short Title: Interstate Branching Early Opt-In.

(Public)

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Sponsors: Senators Warren, Parnell, Gulley, Carpenter, Soles, Dannelly, Hoyle, Ledbetter, Martin of Guilford, Edwards, Rand, Sherron, McKoy, Foxx, Plyler, Little, and Albertson.

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Referred to: Commerce

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March 20, 1995

**A BILL TO BE ENTITLED**

**AN ACT TO "OPT-IN" FOR INTERSTATE BRANCHING AUTHORITY UNDER  
THE REIGLE-NEAL INTERSTATE BANKING AND BRANCHING EFFICIENCY  
ACT OF 1994.**

Whereas, Section 102 of the Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994, Public Law 103-328, provides that before June 1, 1997, states may enact legislation that expressly permits interstate branching legislation that applies equally to all banks; and

Whereas, the General Assembly of North Carolina enacted the North Carolina Interstate Branching Act as Chapter 191 of the 1993 Session Laws, in order to permit nationwide reciprocal interstate branching; and

Whereas, the General Assembly desires to conform the North Carolina Interstate Branching Act to Public Law 103-328 and to confirm that it elects to opt for immediate interstate branching authority; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article 17A of Chapter 53 of the General Statutes is repealed.

Sec. 2. Chapter 53 of the General Statutes is amended by adding a new Article

to read:

**"ARTICLE 17B.**  
**"INTERSTATE BRANCH BANKING.**

"Part 1. Interstate de novo Branching and Acquisition of Branches.

**"§ 53-224.9. Purpose.**

It is the express intent of Part 1 of this Article to permit interstate branching under sections 102 and 103 of the Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994, Public Law 103-328, in accordance with the provisions herein set forth.

**"§ 53-224.10. Definitions.**

As used in this Article, unless a different meaning is required by the context, the following words and phrases shall have the following meanings:

- (1) 'Acquisition of a branch' means the acquisition of a branch located in a host state without engaging in an 'interstate merger transaction' as defined in Part 2 of this Article.
- (2) 'Bank' has the meaning set forth in 12 U.S.C. § 1813(h); provided that the term 'bank' shall not include any 'foreign bank' as defined in 12 U.S.C. § 3101(7), except that such term shall include any foreign bank organized under the laws of a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, the deposits of which are insured by the Federal Deposit Insurance Corporation.
- (3) 'Bank holding company' has the meaning set forth in 12 U.S.C. § 1841(a)(1).
- (4) 'Bank supervisory agency' means:
  - a. The Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and any successor to these agencies;  
and
  - b. Any agency of another state with primary responsibility for chartering and supervising banks.
- (5) 'Branch' means a full service office of a bank through which it receives deposits, checks are paid, or loans are made, other than its principal office. Any of the functions or services authorized to be engaged in by a bank may be carried out in an authorized branch office.
- (6) 'Commissioner' means the Commissioner of Banks for the State of North Carolina.
- (7) 'Control' has the meaning set forth in 12 U.S.C. § 1841(a)(2).
- (8) 'De novo branch' means a branch of a bank located in a host state which (i) is originally established by the bank as a branch and (ii) does not become a branch of the bank as a result of (A) the acquisition of another bank or a branch of another bank, or (B) the merger, consolidation, or conversion involving any such bank or branch.
- (9) 'Home State' means:
  - a. With respect to a national bank, the state in which the main office of the bank is located;

1           b. With respect to a state bank, the state by which the bank is  
2           chartered;

3           c. With respect to a foreign bank, the state determined to be the  
4           home state of such foreign bank under 12 U.S.C. § 103(c).

5           (10) 'Host State' means a state, other than the home state of a bank, in which  
6           the bank maintains, or seeks to establish and maintain, a branch.

7           (11) 'Out-of-state bank' means a bank whose home state is a state other than  
8           North Carolina.

9           (12) 'Out-of-state state bank' means a bank chartered under the laws of any  
10           state other than North Carolina.

11           (13) 'State' means any state of the United States, the District of Columbia,  
12           any territory of the United States, Puerto Rico, Guam, American Samoa,  
13           the Trust Territory of the Pacific Islands, the Virgin Islands, and the  
14           Northern Mariana Islands.

15           (14) 'North Carolina State bank' means a bank chartered under the laws of  
16           North Carolina.

17 **"§ 53-224.11. Interstate branching by North Carolina State banks.**

18           (a) With the prior approval of the Commissioner, any North Carolina State bank  
19 may establish and maintain a de novo branch or acquire a branch in a state other than  
20 North Carolina.

21           (b) A North Carolina State bank desiring to establish and maintain a branch in  
22 another state under this section shall file an application on a form prescribed by the  
23 Commissioner and pay the branch application fee prescribed by regulation pursuant to  
24 G.S. 53-122. If the Commissioner finds that the applicant has the financial resources  
25 sufficient to undertake the proposed expansion without adversely affecting its safety or  
26 soundness and that the establishment of the proposed branch is in the public interest, the  
27 Commissioner may approve the application. In acting on the application, the  
28 Commissioner shall consider the views of the appropriate bank supervisory agencies.  
29 The applicant bank may establish the branch when it has received the written approval of  
30 the Commissioner.

31 **"§ 53-224.12. Interstate branching by de novo entry.**

32           An out-of-state bank that does not have a branch in North Carolina and that meets the  
33 requirements of this Article may establish and maintain a de novo branch in this State.

34 **"§ 53-224.13. Interstate branching through the acquisition of a branch.**

35           An out-of-state bank that does not have a branch in North Carolina and that meets the  
36 requirements of this Article may establish and maintain a branch in this State through the  
37 acquisition of a branch.

38 **"§ 53-224.14. Requirement of notice and other conditions.**

39           (a) An out-of-state bank desiring to establish and maintain a de novo branch or to  
40 acquire a branch in this State shall provide written notice of the proposed transaction to  
41 the Commissioner not later than the date on which the bank applies to the responsible  
42 federal bank supervisory agency for approval to establish or acquire the branch. The

1 filing of such notice shall be accompanied by the filing fee prescribed by the  
2 Commissioner by regulation.

3 (b) The out-of-state bank shall comply with the applicable requirements of Article  
4 15 of Chapter 55 of the North Carolina General Statutes.

5 (c) Prior to June 1, 1997:

6 (1) In the case of a de novo branch, the laws of the home state of the out-of-  
7 state bank permit North Carolina banks to establish and maintain de  
8 novo branches in that state under substantially the same terms and  
9 conditions as herein set forth; and

10 (2) In the case of a branch established through the acquisition of a branch,  
11 the laws of the home state of the out-of-state bank permit North  
12 Carolina banks to establish and maintain branches in that state through  
13 the acquisition of branches under substantially the same terms and  
14 conditions as herein set forth.

15 **"§ 53-224.15. Conditions for approval.**

16 In the case of notice under G.S. 53-224.14, by an out-of-state state bank, the notice  
17 shall be subject to approval by the Commissioner, which approval shall be effective only  
18 if:

19 (1) The bank confirms in writing to the Commissioner that as long as it  
20 maintains a branch in North Carolina, it will comply with all applicable  
21 laws of this State.

22 (2) The Commissioner, acting within 60 days after receiving notice of an  
23 application under G.S. 53-224.14, certifies to the responsible federal  
24 bank supervisory agency that the requirements of this Part have been  
25 met by the bank.

26 **"§ 53-224.16. Powers.**

27 (a) An out-of-state state bank which establishes and maintains one or more  
28 branches in North Carolina under this Article may conduct any activities at such branch  
29 or branches that are authorized under the laws of this State for North Carolina State  
30 banks, except to the extent such activities may be prohibited by other laws, regulations,  
31 or orders applicable to the out-of-state state bank.

32 (b) A North Carolina State bank may conduct any activities at a branch outside of  
33 North Carolina that are permissible for a bank chartered by the host state where the  
34 branch is located, except to the extent such activities are expressly prohibited by the laws  
35 of this State or by any regulation or order of the Commissioner applicable to the North  
36 Carolina State bank.

37 **"PART 2. INTERSTATE BANK MERGERS.**

38 **"§ 53-224.17. Purpose.**

39 It is the express intent of Part 2 of this Article to permit interstate branching by  
40 merger under section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency  
41 Act of 1994, Public Law 103-328, in accordance with the provisions set forth herein.

42 **"§ 53-224.18. Definitions.**

1       As used in this Part, unless a different meaning is required by the context, the  
2 following words and phrases shall have the following meanings:

- 3       (1) 'Bank' has the meaning set forth in 12 U.S.C. § 1813(h); provided that  
4 the term 'bank' shall not include any 'foreign bank' as defined in 12  
5 U.S.C. § 3101(7), except that such term shall include any foreign bank  
6 organized under the laws of a territory of the United States, Puerto Rico,  
7 Guam, American Samoa, or the Virgin Islands, the deposits of which  
8 are insured by the Federal Deposit Insurance Corporation.
- 9       (2) 'Bank holding company' has the meaning set forth in 12 U.S.C. §  
10 1841(a)(1).
- 11       (3) 'Bank supervisory agency' means:
- 12       a. The Office of the Comptroller of the Currency, the Federal  
13 Deposit Insurance Corporation, the Board of Governors of the  
14 Federal Reserve System, and any successor to these agencies;  
15 and
- 16       b. Any agency of another state with primary responsibility for  
17 chartering and supervising banks.
- 18       (4) 'Branch' means a full service office of a bank through which it receives  
19 deposits, checks are paid, or loans are made, other than its principal  
20 office. Any of the functions or services authorized to be engaged in by  
21 a bank may be carried out in an authorized branch office.
- 22       (5) 'Commissioner' means the Commissioner of Banks for the State of  
23 North Carolina.
- 24       (6) 'Control' has the meaning set forth in 12 U.S.C. § 1841(a)(2).
- 25       (7) 'Home state' means:
- 26       a. With respect to a national bank, the state in which the main office  
27 of the bank is located;
- 28       b. With respect to a state bank, the state by which the bank is  
29 chartered; and
- 30       c. With respect to a foreign bank, the state determined to be the  
31 home state of such foreign bank under 12 U.S.C. § 3103(c).
- 32       (8) 'Host state' means a state, other than the home state of a bank, in which  
33 the bank maintains, or seeks to establish and maintain a branch.
- 34       (9) 'Interstate merger transaction' means:
- 35       a. The merger or consolidation of banks with different home states,  
36 and the conversion of branches of any bank involved in the  
37 merger or consolidation into branches of the resulting bank; or
- 38       b. The purchase of all or substantially all of the assets, including all  
39 or substantially all of the branches, of a bank whose home state is  
40 different from the home state of the acquiring bank.
- 41       (10) 'Out-of-state bank' means a bank whose home state is a state other than  
42 North Carolina.

- 1           (11) 'Out-of-state state bank' means a bank chartered under the laws of any  
2           state other than North Carolina.
- 3           (12) 'Resulting bank' means a bank that has resulted from an interstate  
4           merger transaction under this Article.
- 5           (13) 'State' means any state of the United States, the District of Columbia,  
6           any territory of the United States, Puerto Rico, Guam, American Samoa,  
7           the Trust Territory of the Pacific Islands, the Virgin Islands, and the  
8           Northern Mariana Islands.
- 9           (14) 'North Carolina bank' means a bank whose home state is North Carolina.
- 10          (15) 'North Carolina State bank' means a bank chartered under the laws of  
11          North Carolina.

12 **"§ 53-224.19. Authority of State banks to establish interstate branches by merger.**

13       With the prior approval of the Commissioner, a North Carolina State bank may  
14 establish, maintain, and operate one or more branches in a state other than North Carolina  
15 pursuant to an interstate merger transaction in which the North Carolina State bank is the  
16 resulting bank. Not later than the date on which the required application for the interstate  
17 merger transaction is filed with the responsible federal bank supervisory agency, the  
18 applicant North Carolina State bank shall file an application on a form prescribed by the  
19 Commissioner and pay the fee prescribed by regulation pursuant to G.S. 53-122. The  
20 applicant shall also comply with the applicable provisions of G.S. 53-12. If the  
21 Commissioner finds that (i)the proposed transaction will not be detrimental to the safety  
22 and soundness of the applicant or the resulting bank, (ii) any new officers and directors of  
23 the resulting bank are qualified by character, experience, and financial responsibility to  
24 direct and manage the resulting bank, and (iii) the proposed merger is consistent with the  
25 convenience and needs of the communities to be served by the resulting bank in this State  
26 and is otherwise in the public interest, it shall approve the interstate merger transaction  
27 and the operation of branches outside of North Carolina by the North Carolina State  
28 bank. Such an interstate merger transaction may be consummated only after the applicant  
29 has received the Commissioner's written approval.

30 **"§ 53-224.20. Interstate merger transactions and branching permitted.**

31       One or more North Carolina banks may enter into an interstate merger transaction  
32 with one or more out-of-state banks under this Article, and an out-of-state bank resulting  
33 from such an interstate merger transaction may maintain and operate the branches in  
34 North Carolina of a merged North Carolina bank provided that the conditions and filing  
35 requirements of this Article are met.

36 **"§ 53-224.21. Notice and filing requirements.**

37       Any out-of-state bank that will be the resulting bank pursuant to an interstate merger  
38 transaction involving a North Carolina bank shall notify the Commissioner of the  
39 proposed merger not later than the date on which it files an application for an interstate  
40 merger transaction with the responsible federal bank supervisory agency, and shall  
41 submit a copy of that application to the Commissioner and pay the filing fee required by  
42 the Commissioner. All banks which are parties to such interstate merger transaction  
43 involving a North Carolina State bank shall comply with G.S. 53-12 and with other

1 applicable state and federal laws. Any out-of-state bank which shall be the resulting bank  
2 in such an interstate merger transaction shall comply with Article 15 of Chapter 55 of the  
3 North Carolina General Statutes.

4 **"§ 53-224.22. Conditions for interstate merger prior to June 1, 1997.**

5 An interstate merger transaction prior to June 1, 1997, involving a North Carolina  
6 bank shall not be consummated, and any out-of-state bank resulting from such a merger  
7 shall not operate any branch in North Carolina, unless the laws of the home state of each  
8 out-of-state bank involved in the interstate merger transaction permits North Carolina  
9 banks under substantially the same terms and conditions as are set forth in Part 2, to  
10 acquire banks and establish and maintain branches in that state by means of interstate  
11 merger transactions.

12 **"§ 53-224.23. Powers.**

13 (a) An out-of-state state bank which establishes and maintains one or more  
14 branches in North Carolina under this Article may conduct any activities at such branch  
15 or branches that are authorized under the laws of this State for North Carolina State  
16 banks, except to the extent such activities may be prohibited by other laws, regulations,  
17 or orders applicable to the out-of-state state bank.

18 (b) A North Carolina State bank may conduct any activities at a branch outside of  
19 North Carolina that are permissible for a bank chartered by the host state where the  
20 branch is located, except to the extent such activities are expressly prohibited by the laws  
21 of this State or by any regulation or order of the Commissioner applicable to the North  
22 Carolina State bank.

23 **"PART 3. SUPERVISORY AUTHORITY.**

24 **"§ 53-224.24. Applicability of supervisory authority.**

25 The supervisory powers and other provisions set forth in G.S. 53-224.25 through G.S.  
26 53-224.32 shall apply to Parts 1 and 2 of this Article.

27 **"§ 53-224.25. Examinations; periodic reports; cooperative agreements; assessment**  
28 **of fees.**

29 (a) The Commissioner may make such examinations of any branch of an out-of-  
30 state state bank established under this Article and located in this State as the  
31 Commissioner may deem necessary to determine whether the branch is operating in  
32 compliance with the laws of this State and to ensure that the branch is being operated in a  
33 safe and sound manner. The provisions of G.S. 53-117 apply to such examinations.

34 (b) The Commissioner may require periodic reports regarding any branch in North  
35 Carolina of an out-of-state bank to the extent that comparable reports are required from  
36 North Carolina State banks. Such reports shall be filed under oath with such frequency  
37 and in such scope and detail as may be appropriate for the purpose of assuring continuing  
38 compliance with the provisions of this Article.

39 (c) The Commissioner may enter into cooperative, coordinating, and information-  
40 sharing agreements with any other bank supervisory agencies or any organization  
41 affiliated with or representing one or more bank supervisory agencies with respect to the  
42 periodic examination or other supervision of any branch in North Carolina of an out-of-  
43 state state bank, or any branch of a North Carolina State bank in a host state, and the

1 Commissioner may accept such parties' reports of examination and reports of  
2 investigation in lieu of conducting an additional examination or investigation. The  
3 Commissioner may enter into joint examinations or joint enforcement actions with other  
4 bank supervisory agencies having concurrent jurisdiction over any branch in North  
5 Carolina of an out-of-state state bank or any branch of a North Carolina State bank in any  
6 host state; provided, however, that the Commissioner may at any time take such actions  
7 independently if the Commissioner deems such actions to be necessary or appropriate to  
8 carry out the Commissioner's responsibilities under this Article and to ensure compliance  
9 with the laws of this State.

10 (d) Each out-of-state state bank that maintains one or more branches in this State  
11 may be assessed and, if assessed, shall pay supervisory and examination fees in  
12 accordance with the laws of this State and regulations of the Commissioner. Such fees  
13 may be shared with other bank supervisory agencies or any organization affiliated with or  
14 representing one or more bank supervisory agencies in accordance with agreements  
15 between such parties and the Commissioner.

16 **"§ 53-224.26. Enforcement.**

17 If the Commissioner determines that a branch maintained by an out-of-state state bank  
18 in this State is being operated in violation of any provision of the laws of this State, or  
19 that such branch is being operated in an unsafe and unsound manner, the Commissioner  
20 shall have the authority to take all such enforcement actions as the Commissioner would  
21 be empowered to take if the branch were a North Carolina State bank.

22 **"§ 53-224.27. Regulations.**

23 The Commissioner, subject to review and approval of the North Carolina State  
24 Banking Commission, may adopt such rules as are necessary in order to implement the  
25 provisions of this Article.

26 **"§ 53-224.28. Additional branches.**

27 An out-of-state bank that has a branch in North Carolina may establish and acquire  
28 additional branches in this State to the same extent as a North Carolina State bank or to  
29 the same extent otherwise permitted by federal law.

30 **"§ 53-224.29. Notice of subsequent merger, etc.**

31 An out-of-state bank that maintains a branch in this State established pursuant to this  
32 Article shall give 30 days' prior written notice to the Commissioner of any merger,  
33 consolidation, or other transaction that would cause a change of control with respect to  
34 such out-of-state bank or any bank holding company that controls such bank, with the  
35 result that an application would be required to be filed pursuant to the federal Change in  
36 Bank Control Act of 1978, as amended, 12 U.S.C. § 1817(j) or the federal Bank  
37 Holding Company Act of 1956, as amended, 12 U.S.C. § 1841 et seq., or any successor  
38 statutes thereto.

39 **"§ 53-224.30. Branch closings.**

40 An out-of-state state bank that is subject to an order or written agreement revoking its  
41 authority to establish or maintain a branch in North Carolina and any North Carolina  
42 State bank that is subject to an order or written agreement revoking its authority to  
43 establish or maintain a branch in another state shall wind up the business of that branch in



1 an orderly manner that protects the depositors, customers, and creditors of the branch and  
2 that complies with all North Carolina laws and all other applicable laws regarding the  
3 closing of the branch.

4 **"§ 53-224.31. Appeal of Commissioner's decision.**

5 Any aggrieved party in a proceeding under this Article may, within 30 days after final  
6 decision of the Commissioner, appeal such decision to the North Carolina State Banking  
7 Commission. The Banking Commission, within 30 days of receipt of the notice of  
8 appeal, shall approve, disapprove, or modify the Commissioner's decision. Failure of the  
9 State Banking Commission to act within 30 days of receipt of notice of appeal shall  
10 constitute a final decision of the Banking Commission approving the decision of the  
11 Commissioner. Notwithstanding any other provision of law, any aggrieved party to a  
12 decision of the Commission shall be entitled to an appeal pursuant to G.S. 53-92.

13 **"§ 53-224.32. Severability.**

14 If any provision of this Article or the application of such provision is found invalid as  
15 to any bank, branch, bank holding company, person, or circumstances, or shall otherwise  
16 be deemed superseded by federal law, the remaining provisions of this Article shall not  
17 be affected and shall remain valid and in effect as to any bank, branch, bank holding  
18 company, person, or circumstance."

19 Sec. 2. This act is effective upon ratification.