Assembly Bill No. 1482

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Passed the Assembly September 12, 1995

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Chief Clerk of the Assembly

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Passed the Senate September 6, 1995

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Secretary of the Senate

_____

This bill was received by the Governor this ___ day

of _____, 1995, at ___ o'clock __M.

_____

Private Secretary of the Governor

CHAPTER ____

An act to amend Section 1798.24 of the Civil Code, to amend Sections 22, 116, 132, 142, 270, 271, 420, 550, 551, 561, 600.4, 1502, 1503, 1504, 1700, 1701, 1702, 1704, 1705, 1706, 1708, 1710, 1712, 1713, 1715, 1716, 1725, 1726, 1727, 1728, 1729, 1750, 1755, 1756, 1757, 1775, 1781, 1782, 1783, 1784, 1854, 1900, 1901, 1909, 1912, 1913, 1913.5, 1931, 1936, 1938, 3371, 4820, 4822, 4823, 4824, 4826, 4827, 4828, 4835, 4840, 4845, 4847, 4848, 4849, 4850, 4851, 4852, 4853, 4855, 4856, 4858, 4859, 4861, 4862, 4870, 4872, 4873, 4874, 4875, 4880, 4882, 4885, 4886, 4888, 4900, 4902, 4903, 4905, 4920, 4923, 4925, 4926, 4928, 4940, 4943, 4944, 4947, 4948, 4949, 4960, and 4963 of, to amend the heading of Article 5 (commencing with Section 420) of Chapter 3 of, and Chapter 13.5 (commencing with Section 1700) of, Division 1 of, Article 2 (commencing with Section 4845) and Article 3 (commencing with Section 4870) of Chapter 3 of, Article 1 (commencing with Section 4880) and Article 5 (commencing with Section 4900) of Chapter 4 of, and Article 1 (commencing with Section 4920), Article 2 (commencing with Section 4940), and Article 3 (commencing with Section 4960) of Chapter 5 of, Division 1.5 of, to amend and renumber Section 4836 of, to amend and renumber the heading of Article 1 (commencing with Section 500) of Chapter 4 of Division 1 of, and Article 5 (commencing with Section 4900) of Chapter 4 of Division 1.5 of, to add Sections 100.5, 126.5, 139.2, 139.3, 139.4, 139.5, 139.7, 139.9, 140.3, 146.3, 146.7, 216, 419, 512, 1700.3, 1700.5, 3392.5, 3824, 3825, 4803, 4820.5, 4821.5, 4826.5, 4827.3, 4827.7, 4828.3, 4828.7, 4830, 4831, 4832, 4833, 4834, 4836, 4837, 4838, 4843, 4871.5, 4901.5, 4902.5, 4961.5, 4962.5, and 4966 to, to add Article 1 (commencing with Section 490) to Chapter 4 of, Chapter 6.5 (commencing with Section 800), Chapter 21.5 (commencing with Section 3750), and Chapter 22 (commencing with Section 3800) to, Division 1 of, Article 2 (commencing with Section 4805.01) to Chapter 1 of, Article 4 (commencing with Section 4877.01) and Article

5 (commencing with Section 4879.01) to Chapter 3 of, and Article 2 (commencing with Section 4895.01) to Chapter 4 of, Division 1.5 of, to add and repeal Section 3824, 3825, 18684, and 18685 of, to repeal Sections 114, 131, 133, 136, 138, 141, 143, 147, 149, 682, 1230, and 1709 of, to repeal Article 2 (commencing with Section 530) of Chapter 4 of, and Chapter 16 (commencing with Section 2050) and Chapter 21.5 (commencing with Section 3750) of, Division 1 of, and Article 2 (commencing with Section 4805) of Chapter 11 of Division 1.5 of, and to repeal and add Sections 137, 148, 503, 1935, 4825, 4842, 4846, 4871, 4881, 4901, 4921, 4941, and 4961 of, the Financial Code, and to amend Sections 6254.5, 16500.5, and 53630 of, and to add Section 53630.5 to, the Government Code, relating to financial institutions, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1482, Weggeland. Financial institutions: federal regulations.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, a federal act that will become operative in part on September 29, 1995, permits bank subsidiaries of a bank holding company to act as agents for each other for specified purposes, expands the authorization for interstate banking, and allows interstate bank branching.

This bill would make changes to state law regulating the operation of banks to eliminate conflicts with the act, implement the provisions of the act, and make related changes. The bill would provide that certain of the changes also apply to industrial loan companies, as specified.

The bill would also enact provisions to assist in the transition between the existing and revised banking laws.

Under existing law, there is a State Banking Fund, which is continued in existence for all expenses and salaries of the State Banking Department. The

superintendent is required to deliver all money collected to the State Treasurer for deposit into this fund.

This bill would impose certain fees to be paid by banks, as specified, which would be for deposit into the State Banking Fund for the salaries and expenses of the department, thereby making an appropriation.

The bill would become operative only if AB 706 is also enacted and becomes effective on or before January 1, 1996.

The bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Caldera, Weggeland, and Killea California Interstate Banking and Branching Act of 1995.

SEC. 1.1. Section 1798.24 of the Civil Code is amended to read:

1798.24. No agency may disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains unless the disclosure of the information is:

(a) To the individual to whom the information pertains.

(b) With the prior written voluntary consent of the individual to whom the record pertains, but only if such consent has been obtained not more than 30 days before the disclosure, or in the time limit agreed to by the individual in the written consent.

(c) To the duly appointed guardian or conservator of the individual or a person representing the individual provided that it can be proven with reasonable certainty through the possession of agency forms, documents or correspondence that such person is the authorized representative of the individual to whom the information pertains.

(d) To those officers, employees, attorneys, agents, or volunteers of the agency which has custody of the

information if the disclosure is relevant and necessary in the ordinary course of the performance of their official duties and is related to the purpose for which the information was acquired.

(e) To a person, or to another agency where the transfer is necessary for the transferee agency to perform its constitutional or statutory duties, and the use is compatible with a purpose for which the information was collected and the use or transfer is accounted for in accordance with Section 1798.25. With respect to information transferred from a law enforcement or regulatory agency, or information transferred to another law enforcement or regulatory agency, a use is compatible if the use of the information requested is needed in an investigation of unlawful activity under the jurisdiction of the requesting agency or for licensing, certification, or regulatory purposes by that agency.

(f) To a governmental entity when required by state or federal law.

(g) Pursuant to the California Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(h) To a person who has provided the agency with advance adequate written assurance that the information will be used solely for statistical research or reporting purposes, but only if the information to be disclosed is in a form that will not identify any individual.

(i) Pursuant to a determination by the agency which maintains information that compelling circumstances exist which affect the health or safety of an individual, if upon the disclosure notification is transmitted to the individual to whom the information pertains at his or her last known address. Disclosure shall not be made if it is in conflict with other state or federal laws.

(j) To the State Archives of the State of California as a record which has sufficient historical or other value to warrant its continued preservation by the California state government, or for evaluation by the Director of General Services or his or her designee to determine whether the record has further administrative, legal, or fiscal value.

(k) To any person pursuant to a subpoena, court order, or other compulsory legal process if, before the disclosure, the agency reasonably attempts to notify the individual to whom the record pertains, and if the notification is not prohibited by law.

(*l*) To any person pursuant to a search warrant.

(m) Pursuant to Article 3 (commencing with Section 1800) of Chapter 1 of Division 2 of the Vehicle Code.

(n) For the sole purpose of verifying and paying government health care service claims made pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code.

(o) To a law enforcement or regulatory agency when required for an investigation of unlawful activity or for licensing, certification, or regulatory purposes, unless the disclosure is otherwise prohibited by law.

(p) To another person or governmental organization to the extent necessary to obtain information from the person or governmental organization as necessary for an investigation by the agency of a failure to comply with a specific state law which the agency is responsible for enforcing.

(q) To an adopted person and is limited to general background information pertaining to the adopted person's natural parents, provided that the information does not include or reveal the identity of the natural parents.

(r) To a child or a grandchild of an adopted person and disclosure is limited to medically necessary information pertaining to the adopted person's natural parents. However, the information, or the process for obtaining the information, shall not include or reveal the identity of the natural parents. The State Department of Social Services shall adopt regulations governing the release of information pursuant to this subdivision by July 1, 1985. The regulations shall require licensed adoption agencies to provide the same services provided by the department as established by this subdivision.

(s) To a committee of the Legislature or to a Member of the Legislature, or his or her staff when authorized in

writing by the member, where the member has permission to obtain the information from the individual to whom it pertains or where the member provides reasonable assurance that he or she is acting on behalf of the individual.

(t) To the University of California or a nonprofit educational institution conducting scientific research, provided the request for information includes assurances of the need for personal information, procedures for protecting the confidentiality of the information and assurances that the personal identity of the subject shall not be further disclosed in individually identifiable form.

(u) To an insurer if authorized by Chapter 5 (commencing with Section 10900) of Division 4 of the Vehicle Code.

This article shall not be construed to require the disclosure of personal information to the individual to whom the information pertains when that information may otherwise be withheld as set forth in Section 1798.40.

(v) Pursuant to Section 1909, 8009, or 18396 of the Financial Code.

SEC. 1.3. Section 22 of the Financial Code is amended to read:

22. Notwithstanding any other provision of this code, Chapter 10 (commencing with Section 10000) of Division 2 shall be known and may be cited as the Robbins-Vuich-Calderon Financial Institutions Act of 1986.

SEC. 1.5. Section 100.5 is added to the Financial Code, to read:

100.5. If and to the extent that any provision of this division is preempted by federal law, the provision does not apply and shall not be enforced.

SEC. 2. Section 114 of the Financial Code is repealed.

SEC. 3. Section 116 of the Financial Code is amended to read:

116. No corporation shall hereafter be organized under the laws of this state to transact the business of a bank or trust company except as provided in this division.

SEC. 4. Section 126.5 is added to the Financial Code, to read:

126.5. ‘‘California’’ means:

(a) When used with respect to a bank, in the case of a state bank, a bank that is organized under the laws of this state and, in the case of a national bank, a national bank that maintains its main office in this state.

(b) When used with respect to an office of a bank, an office which is located in this state.

(c) When used with respect to any corporation other than a bank, a corporation that is organized under the laws of this state.

SEC. 5. Section 131 of the Financial Code is repealed.

SEC. 6. Section 132 of the Financial Code is amended to read:

132. ‘‘Constituent corporation,’’ when used with respect to a corporation:

(a) In the case of a merger, has the meaning set forth in Section 161 of the Corporations Code.

(b) In the case of a consolidation, means a corporation that is consolidated with one or more other corporations.

SEC. 7. Section 133 of the Financial Code is repealed.

SEC. 8. Section 136 of the Financial Code is repealed.

SEC. 9. Section 137 of the Financial Code is repealed.

SEC. 10. Section 137 is added to the Financial Code, to read:

137. ‘‘Disappearing,’’ when used with respect to a corporation, means a constituent corporation that is not the surviving corporation.

SEC. 11. Section 138 of the Financial Code is repealed.

SEC. 12. Section 139.2 is added to the Financial Code, to read:

139.2. (a) ‘‘Foreign,’’ when used with respect to a bank, an office of a bank, or any corporation other than a bank, means foreign (other nation) or foreign (other state).

(b) ‘‘Foreign banking corporation’’ means a foreign bank.

SEC. 13. Section 139.3 is added to the Financial Code, to read:

139.3. ‘‘Foreign nation’’ means any nation other than the United States, including, without limitation, any subdivision, territory, trust territory, dependency, colony, or possession of any nation other than the United States. ‘‘Foreign nation’’ includes Puerto Rico, Guam, American Samoa, the Virgin Islands, and any territory, trust territory, dependency, or insular possession of the United States.

SEC. 14. Section 139.4 is added to the Financial Code, to read:

139.4. (a) The definition of ‘‘state of the United States’’ in Section 146.7 does not apply to this section. In this section, ‘‘state of the United States’’ means any state of the United States or the District of Columbia.

(b) ‘‘Foreign (other nation):’’

(1) When used with respect to a bank, means any bank (including, without limitation, any commercial bank, merchant bank, or other institution that engages in banking activities that are usual in connection with the business of banking in the nation in which the institution is organized or operating) other than (A) a bank that is organized under the laws of a state of the United States or (B) a national bank that maintains its main office in a state of the United States.

(2) When used with respect to an office of a bank, means an office that is located in a place other than a state of the United States.

(3) When used with respect to any corporation other than a bank, means a corporation that is organized under the laws of a foreign nation.

SEC. 15. Section 139.5 is added to the Financial Code, to read:

139.5. ‘‘Foreign (other state)’’:

(a) When used with respect to a bank, means a bank that is organized under the laws of any state of the United States other than this state, or a national bank that maintains its main office in any state of the United States other than this state, and includes any savings bank, as defined in Section 3(g) of the Federal Deposit Insurance

Act (12 U.S.C. Sec. 1813(g)), that is organized under the laws of a state other than this state.

(b) When used with respect to an office of a bank, means an office that is located in a state other than this state.

(c) When used with respect to a corporation other than a bank, means a corporation that is organized under the laws of any state of the United States other than this state or under the laws of the United States.

SEC. 16. Section 139.7 is added to the Financial Code, to read:

139.7. ''Insured:''

(a) When used with respect to a bank or an office of a bank, means a bank or office the deposits of which are insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

(b) When used with respect to a deposit, means a deposit that is insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

SEC. 17. Section 139.9 is added to the Financial Code, to read:

139.9. ''Law of the domicile'' means:

(a) When used with respect to a national bank, the law of the United States.

(b) When used with respect to a state bank, the law of the state of the United States under which the bank is organized.

(c) When used with respect to a foreign (other nation) bank, the law of the foreign nation under which the bank is organized.

SEC. 18. Section 140.3 is added to the Financial Code, to read:

140.3. (a) ''National bank'' or ''national banking association'' means a national banking association organized under the National Bank Act.

(b) For purposes of this division, a national bank is deemed to be a corporation.

SEC. 19. Section 141 of the Financial Code is repealed.

SEC. 20. Section 142 of the Financial Code is amended to read:

142. ‘‘Resulting,’’ when used with respect to a corporation, means:

(a) In the case of a consolidation, the corporation into which the constituent corporations are consolidated.

(b) In the case of a conversion, the corporation into which the converting corporation is converted.

SEC. 21. Section 143 of the Financial Code is repealed.

SEC. 22. Section 146.3 is added to the Financial Code, to read:

146.3. ‘‘State’’:

(a) When used with respect to a corporation, means a corporation that is organized under the laws of a state of the United States.

(b) When used with respect to an office of a foreign (other nation) bank, means an office that the bank is authorized to maintain under the laws of a state of the United States.

SEC. 23. Section 146.7 is added to the Financial Code, to read:

146.7. ‘‘State of the United States’’ means any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

SEC. 24. Section 147 of the Financial Code is repealed.

SEC. 25. Section 148 of the Financial Code is repealed.

SEC. 26. Section 148 is added to the Financial Code, to read:

148. ‘‘Surviving,’’ when used with respect to a corporation, means a corporation in which one or more other corporations are merged.

SEC. 27. Section 149 of the Financial Code is repealed.

SEC. 28. Section 216 is added to the Financial Code, to read:

216. (a) The superintendent may make the agreements that he or she deems necessary or appropriate in exercising his or her powers.

(b) (1) The agreements authorized under subdivision (a) may include, but are not limited to, agreements with agencies of this state, of other states of the United States, of the United States, or of foreign nations that regulate financial institutions, relating to examinations of banks and other matters.

(2) Any agreement with a government agency that regulates financial institutions is exempt from the advertising and competitive bidding requirements of the Public Contract Code.

SEC. 28.5. Section 270 of the Financial Code is amended to read:

270. (a) The superintendent shall annually collect pro rata from the banks and trust companies under the supervision of the department a fund in amount sufficient in the superintendent's judgment to meet the expenses of the department and a reasonable reserve for contingencies.

(b) The amount of the annual assessment for the fund on any bank or trust company shall not be less than five thousand dollars ($5,000). Above that minimum amount, except as otherwise provided subdivision (c), the annual assessment shall not exceed the sum of the products of a base assessment rate, or percentage thereof, and segregated portions of its total resources, according to the following table:

Segregated Total Resources (In Millions or Fractions Thereof)	Percentage of Base Assessment Rate
First $1	100.0
Next $9	33.0
Next $40	15.0
Next $50	7.5
Next $400	5.0
Next $500	4.5
Next $2,000	4.0
Next $7,000	3.4
Next $10,000	3.2
Excess over $20,000	2.1

(c) (1) For purposes of determining the annual assessment on banks and trust companies that have one or more foreign (other state) branch offices, the resources of foreign (other state) branch offices shall be excluded from total resources, except that the superintendent may order the resources of foreign (other state) branch offices to be included in total resources if and to the extent that it is necessary in the superintendent's judgment to meet the expenses of the department on account of foreign (other state) branch offices and a reasonable reserve for contingencies.

(2) If the superintendent finds that a bank or trust company allocated any resource to a foreign (other state) branch office for the purpose, in whole or in part, of reducing its annual assessment, the superintendent may, for purposes of calculating the annual assessment on the bank or trust company, reallocate the resource to the bank's or trust company's head office.

(d) The base assessment rate shall be set by the superintendent from time to time at the superintendent's discretion, not to exceed two dollars and twenty cents ($2.20) per one thousand dollars ($1,000) of total resources.

SEC. 29. Section 271 of the Financial Code is amended to read:

271. The superintendent shall annually collect from national banking associations and foreign (other state) banks operating trust departments in this state an annual assessment to meet expenses of the department, not exceeding one one-hundredth of 1 percent of the amount required by law to be deposited with the Treasurer as surety for the faithful performance and execution of all court and private trusts accepted by them.

SEC. 30. The heading of Article 5 (commencing with Section 420) of Chapter 3 of Division 1 of the Financial Code is amended to read:

Article 5. Location of Head Office

SEC. 31. Section 419 is added to Article 5 of Chapter 3 of Division 1 of the Financial Code, to read:

419. A California state bank shall maintain its head office in this state.

SEC. 32. Section 420 of the Financial Code is amended to read:

420. A bank or trust company may change the location of its head office within this state with the written approval of the superintendent. An application for approval shall be in the form and contain the information that the superintendent may require, and shall be accompanied by a fee of two hundred fifty dollars ($250).

SEC. 33. Article 1 (commencing with Section 490) is added to Chapter 4 of Division 1 of the Financial Code, to read:

Article 1. Exemptions

490. (a) In issuing an exemption under this section, the superintendent may impose any conditions that the superintendent finds necessary or appropriate.

(b) The superintendent may, by order or regulation, exempt from the requirement of authorization by the superintendent set forth in subdivision (b) of Section 500 or Section 541 or 551 any establishment of an office that the superintendent finds not necessary or appropriate to regulate under the section.

(c) The superintendent may, by order or regulation, exempt from the requirement of authorization or approval by the superintendent set forth in Section 507 or 546 any relocation of an office that the superintendent finds not necessary or appropriate to regulate under the section.

SEC. 34. The heading of Article 1 (commencing with Section 500) of Chapter 4 of Division 1 of the Financial Code is amended and renumbered to read:

Article 2. Branches

SEC. 35. Section 503 of the Financial Code is repealed.

SEC. 36. Section 503 is added to the Financial Code, to read:

503. In determining whether to approve or disapprove an application by a bank for authority to establish a branch office, the superintendent shall consider all of the following:

(a) The financial history and condition of the bank.

(b) The adequacy of the shareholders' equity in the bank.

(c) The future earnings prospects of the bank.

(d) The management of the bank.

(e) The convenience and needs of the community to be served by the branch office.

SEC. 37. Section 512 is added to the Financial Code, to read:

512. With the approval of the superintendent and subject to any regulations that the superintendent may prescribe, a bank may transact at a foreign (other state) or foreign (other nation) branch office business that is permissible for banks organized under the laws of the state or nation where the branch office is located but that would not otherwise be permissible for the bank.

SEC. 38. Article 2 (commencing with Section 530) of Chapter 4 of Division 1 of the Financial Code is repealed.

SEC. 39. Section 550 of the Financial Code is amended to read:

550. In this article, unless the context otherwise requires:

(a) ''Automated teller machine'' means any electronic information processing device used by a financial institution and its customers for the primary purpose of executing transactions solely between the financial institution and its customers, if the transactions are not incidental to sales between the customer and a business entity other than a financial institution. ''Automated teller machine'' does not include devices used solely to facilitate check guarantee or check authorization.

(b) ‘‘Automated teller machine branch office’’ means a branch office that consists exclusively of one or more automated teller machines. However, an automated teller machine branch office of a bank may include (1) a night depository facility and (2) personnel of the bank, provided that the personnel do not accept deposits, pay checks, or make loans.

(c) ‘‘Bank’’ means (1) a California state bank or (2) a foreign (other nation) bank that is licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 to maintain one or more retail branch offices as defined in Section 1700.

SEC. 40. Section 551 of the Financial Code is amended to read:

551. When authorized by the superintendent as provided in this article:

(a) A California state bank may establish or operate one or more automated teller machine branch offices.

(b) A foreign (other nation) bank may establish and operate one or more automated teller machine branch offices in the state.

SEC. 41. Section 561 of the Financial Code is amended to read:

561. A bank may use automated teller machines established or operated by another person, provided that the bank complies with the following requirements:

(a) In case the person is not (1) a bank, (2) a national banking association headquartered in this state, or (3) a foreign (other nation) bank that maintains a federal retail branch office (as defined in Section 1700) in this state, the bank shall, before commencing such use, file with the superintendent satisfactory assurances that the performance of the services by the person will be subject to examination by the superintendent to the same extent as if the services were being performed by the bank itself.

(b) In any case the bank shall, not less than 30 days before commencing such use, file with the superintendent a notice that contains the following information:

(1) The name and primary address of the person establishing or operating the automated teller machines.

(2) A description of the type of functions that the automated teller machines will perform.

The notice shall also contain any additional information that the superintendent may prescribe regarding the financial condition of the notifying bank, and the functions and locations of the automated teller machines.

SEC. 42. Section 600.4 of the Financial Code is amended to read:

600.4. (a) No amendment of the articles of a bank (other than an amendment set forth in an agreement of merger or in a certificate of ownership executed pursuant to Section 1110 of the Corporations Code that requires the approval of the superintendent pursuant to Chapter 4 (commencing with Section 4880) of Division 1.5) shall become effective unless the certificate of amendment or other instrument setting forth the amendment is filed with the Secretary of State with the superintendent's approval endorsed thereon. Promptly after the amendment becomes effective, the bank shall file with the superintendent a copy of the certificate of amendment or other instrument certified by the Secretary of State.

(b) Any amendment of the articles of a bank set forth in an agreement of merger or in a certificate of ownership executed pursuant to Section 1110 of the Corporations Code that requires the approval of the superintendent pursuant to Chapter 4 (commencing with Section 4880) of Division 1.5, shall become effective at the time when the merger becomes effective pursuant to this division.

SEC. 43. Section 682 of the Financial Code is repealed.

SEC. 44. Chapter 6.5 (commencing with Section 800) is added to Division 1 of the Financial Code, to read:

CHAPTER 6.5. AGENCY ACTIVITIES

Article 1. Definitions

800. In this chapter, unless the context otherwise requires:

(a) ‘‘Authorized agency activities’’ means receiving deposits, renewing time deposits, closing loans, servicing loans, and receiving payments on loans and other obligations. ‘‘Authorized agency activities’’ includes ministerial functions such as providing loan applications, assembling documents, providing a location for returning documents necessary for making a loan, providing loan account information, receiving payments, disbursing loan funds, evaluating loan applications, and other activities that the superintendent may specify by order or regulation. However, ‘‘authorized agency activities’’ does not include any other activities that the superintendent may specify by order or regulation.

(b) ‘‘Insured depository institution’’ means any bank, savings and loan association, savings association or savings bank the deposits of which are insured by the Federal Deposit Insurance Corporation. ‘‘Insured depository institution’’ includes any depository institution affiliate within the meaning of Section 18(r) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1828(r)).

801. This chapter does not apply to a California state bank having an insured depository institution engage in authorized agency activities as its agent or to a California state bank engaging in authorized agency activities as agent for an insured depository institution in any case other than a case where, but for the provisions of Sections 815 and 825, an office of the agent would for regulatory purposes be considered to be an office of the principal.

802. (a) In this section, ‘‘affiliated,’’ when used with respect to a California state bank and an insured depository institution, means that the California state bank controls the insured depository institution, the insured depository institution controls the California state bank, or the California state bank and the insured

depository institution are under common control, directly or indirectly through one or more intermediaries. For purposes of this subdivision, ‘‘control’’ has the meaning set forth in Section 700.

(b) In case a California state bank and an insured depository institution are affiliated, the prior approval requirement set forth in Section 810 or 820 is deemed to be satisfied if the California state bank files a notice with the superintendent and, within 30 days or any longer period to which the California state bank consents, the superintendent either (1) issues a written statement not objecting to the notice or (2) does not issue a written objection to the notice.

(c) (1) A notice filed by a California state bank under subdivision (b) shall contain the following information:

(A) The name of the California state bank.

(B) The name and location of the main or head office of the affiliated insured depository institution.

(C) A description of the proposed agency, including identification of the institution that is to be the principal, identification of the institution that is to be the agent, and specification of the activities in which the agent is to engage on behalf of the principal.

(D) Any other information that the superintendent may require.

(2) A notice filed by a California state bank under subdivision (b) shall be in the form, shall be signed in the manner, and shall, if the superintendent requires by regulation or order, be verified in the manner that the superintendent may by regulation or order require.

(3) A notice filed by a California state bank under subdivision (b) shall be accompanied by a filing fee of two hundred fifty dollars ($250).

(d) For purposes of subdivision (b), a notice by a California state bank is deemed to be filed with the superintendent at the time when the complete notice, including any amendments or supplements, containing all the information required by the superintendent, and otherwise complying with subdivision (c) is received by the superintendent.

(e) In determining whether or not to object to a notice by a California state bank, the superintendent shall consider the factors set forth in Section 813 or 823, as the case may be.

Article 2. California State Bank as Principal

810. Notwithstanding the provisions of Chapter 4 (commencing with Section 500) and Section 776, a California state bank may, with the prior approval of the superintendent and subject to any regulations that the superintendent may prescribe, have an insured depository institution engage in authorized agency activities as its agent.

811. An application by a California state bank for approval to have an insured depository institution engage in authorized agency activities as its agent shall be in the form, shall contain the information, shall be signed in the manner, and shall, if the superintendent so requires by regulation or order, be verified in the manner that the superintendent may, by regulation or order, require.

812. An application by a California state bank for approval to have an insured depository institution engage in authorized agency activities as its agent shall be accompanied by a filing fee of two hundred fifty dollars ($250).

813. In determining whether to approve or deny an application by a California state bank for approval to have an insured depository institution engage in authorized agency activities as its agent, the superintendent shall consider both of the following:

(a) Whether the proposed agency arrangement is consistent with the safe and sound operation of the California state bank.

(b) Any other factors that the superintendent deems relevant.

814. No California state bank may have an insured depository institution conduct as its agent any activity that the California state bank is prohibited from conducting itself.

815. No office of an insured depository institution that is performing authorized agency activities as agent for a California state bank in accordance with this article shall, on that account, be deemed to be an office of the California state bank.

816. If the superintendent finds that any activity performed by an insured depository institution as agent for a California state bank is not an authorized agency activity or that the agency arrangement is inconsistent with safe and sound banking practices, the superintendent may order the California state bank to terminate the agency arrangement.

Article 3. California State Bank as Agent

820. Notwithstanding the provisions of Chapter 4 (commencing with Section 500) and Section 776, a California state bank may, with the prior approval of the superintendent and subject to any regulations that the superintendent may prescribe, engage in authorized agency activities as agent for an insured depository institution.

821. An application by a California state bank for approval to engage in authorized agency activities as agent for an insured depository institution shall be in the form, shall contain the information, shall be signed in the manner, and shall, if the superintendent so requires by regulation or order, be verified in the manner that the superintendent may, by regulation or order, require.

822. An application by a California state bank for approval to engage in authorized agency activities as agent for an insured depository institution shall be accompanied by a filing fee of two hundred fifty dollars ($250).

823. In determining whether to approve or deny an application by a California state bank for approval to engage in authorized agency activities as agent for an insured depository institution, the superintendent shall consider both of the following factors:

(a) Whether the proposed agency arrangement is consistent with the safe and sound operation of the California state bank.

(b) Any other factors that the superintendent deems relevant.

824. No California state bank may conduct any activity as an agent for an insured depository institution that the California state bank would be prohibited from conducting as a principal.

825. (a) No office of a California state bank that conducts authorized agency activities as agent for an insured depository institution in accordance with this article shall, on that account, be deemed to be an office of the insured depository institution.

(b) For purposes of this division, no insured depository institution that has a California state bank engaged in authorized agency activities as its agent shall on that account be deemed to be transacting business in this state.

826. If the superintendent finds that any activities performed by a California state bank as agent for an insured depository institution are not authorized agency activities or that the agency arrangement is inconsistent with safe and sound banking practices, the superintendent may order the California state bank to terminate the agency arrangement.

SEC. 45. Section 1230 of the Financial Code is repealed.

SEC. 46. Section 1502 of the Financial Code is amended to read:

1502. In this section, ‘‘subject national banking association’’ means a national banking association that (a) maintains its main office or a branch office in this state, (b) is authorized to transact a trust business, and (c) has complied with the requirements of Article 3 (commencing with Section 1540) of this chapter and of all other laws of this state relating to the deposit of securities for the protection of court and private trusts. A subject national banking association may engage in and conduct a trust business and may be appointed by any court to act

in any fiduciary capacity in which a trust company is authorized to act. All acts provided in this code to be performed by the superintendent, the State Treasurer, or other public officials for or in respect to the deposit of securities by trust companies, shall be performed for subject national banking associations equally with trust companies. Every subject national banking association shall be permitted to use the word ‘‘trust’’ in its corporate name and to advertise its authority to engage in and conduct a trust business and to advertise for and solicit trust business in this state, notwithstanding any contrary provision in this division or in any other law. The superintendent shall have access to reports of examination made by the Comptroller of the Currency insofar as they relate to the trust department of a subject national banking association. For purposes of Article 3 (commencing with Section 1540), the principal place of business of a national banking association that maintains its main office in another state of the United States and maintains a California branch office shall be deemed to be situated in the city where the California branch office is located or, if the national banking association maintains California branch offices in two or more cities, in the city with the largest population.

SEC. 47. Section 1503 of the Financial Code is amended to read:

1503. No foreign corporation, other than a national banking association or a foreign (other state) state bank that is authorized to conduct a trust business in this state, shall have or exercise the powers of a trust company nor directly or indirectly transact or conduct in this state a trust business as defined in Section 106. However, a foreign corporation that is authorized by its articles to exercise trust powers may act as trustee for the following purposes:

(a) To deliver bonds and receive payments therefor.

(b) To deliver permanent bonds in exchange for temporary bonds of the same issue.

(c) To deliver refunding bonds in exchange for those of a prior issue or issues.

(d) To register bonds or to exchange registered bonds for coupon bonds or coupon bonds for registered bonds.

(e) To pay interest on the bonds, and take up and cancel coupons representing the interest payment.

(f) To redeem and cancel bonds when called for redemption or to pay and cancel bonds when due.

(g) To certify registered bonds for the purpose of exchanging registered bonds for coupon bonds.

A foreign corporation that is authorized by its articles to exercise trust powers may be appointed and may accept appointment and act as trustee under any mortgage, deed of trust, or other instrument securing bonds or other obligations issued or to be issued by any railroad corporation that owns a railroad operating in the State of California and extending into another state.

A foreign corporation exercising in this state the powers conferred by this section shall not establish or maintain directly or indirectly any branch office or agency in this state unless it has complied with all of the applicable provisions of Chapter 13.5 (commencing with Section 1700) or of Chapter 22 (commencing with Section 3800).

SEC. 48. Section 1504 of the Financial Code is amended to read:

1504. Pursuant to the authority contained in Section 1 of Article XV of the California Constitution, the restrictions upon rates of interest contained in Section 1 of Article XV of the California Constitution shall not apply to any obligations of, loans made or arranged by, or forbearances of, any of the following that is authorized to engage in the trust business, when acting in its fiduciary capacity:

(a) Any California state bank.

(b) Any national bank that maintains its main office or a branch office in this state.

(c) Any foreign (other state) state bank that maintains a branch office in this state.

This section creates and authorizes an exempt class of persons pursuant to Section 1 of Article XV of the Constitution.

This section does not exempt a bank authorized to transact a trust business or a subsidiary thereof from complying with all other laws and regulations governing the business in which the bank or subsidiary is engaged.

SEC. 49. The heading of Chapter 13.5 (commencing with Section 1700) of Division 1 of the Financial Code is amended to read:

CHAPTER 13.5. FOREIGN (OTHER NATION) BANKS

SEC. 50. Section 1700 of the Financial Code is amended to read:

1700. In this chapter, unless the context otherwise requires:

(a) ''Agency'' means a depositary agency or a nondepositary agency.

(b) ''Branch office'' means a limited branch office, a retail branch office, or a wholesale branch office.

(c) ''Business in this state,'' when used with respect to a foreign (other nation) bank which is licensed to maintain one or more agencies or branch offices, includes (without limitation) the aggregate business of all the offices.

(d) ''Controlling person,'' when used with respect to a foreign (other nation) bank, means any person who, directly or indirectly, controls the bank. For purposes of this subdivision, ''control'' has the meaning set forth in subdivision (b) of Section 700, and ''person'' has the meaning set forth in subdivision (d) of Section 700.

(e) ''Depositary agency,'' when used with respect to a foreign (other nation) bank, means a place in this state at which the bank transacts commercial banking business but at which it does not transact the business of receiving deposits, except as permitted under paragraph (2) of subdivision (a) of Section 1755.

(f) ''Executive officer,'' when used with respect to a foreign (other nation) bank or a controlling person of a foreign (other nation) bank, means the chief executive officer, the chief operating officer, the chief financial officer, and any other person who participates or has

authority to participate in major policy-making functions of the bank or controlling person. ‘‘Executive officer,’’ when used with respect to a foreign (other nation) bank, includes the head of the international division (or, if there is no such division, the closest equivalent division or unit) of such bank.

(g) ‘‘Federal agency’’ has the meaning set forth in Section 1(b) of the International Banking Act of 1978.

(h) ‘‘Federal branch’’ has the meaning set forth in Section 1(b) of the International Banking Act of 1978.

(i) (1) ‘‘License’’ means a license issued under this chapter, authorizing a foreign bank to maintain an office.

(2) To be ‘‘licensed’’ means to be issued or to hold a license.

(3) To be ‘‘licensed to transact business in this state,’’ when used with respect to a foreign (other nation) bank, means that the bank is licensed to maintain an agency or branch office.

(j) ‘‘Limited branch office,’’ when used with respect to a foreign (other nation) bank, means a place in this state at which the bank transacts commercial banking business but at which it does not transact the business of receiving deposits except as permitted under paragraph (3) of subdivision (a) of Section 1755.

(k) ‘‘Nondepositary agency,’’ when used with respect to a foreign (other nation) bank, means a place in this state at which the bank transacts commercial banking business, except the business of receiving deposits.

(*l*) ‘‘Office,’’ when used with respect to a foreign (other nation) bank, means any agency, branch office, or representative office of the bank.

(m) ‘‘Primary office,’’ when used with respect to a foreign (other nation) bank that is licensed to maintain a single agency or branch office, means the agency or branch office and, when used with respect to a foreign (other nation) bank that is licensed to maintain two or more agencies or branch offices, means that one of the offices which the bank has designated as its primary office in accordance with Section 1714.

(n) ‘‘Representative office,’’ when used with respect to a foreign (other nation) bank, means an office in this state at which the bank engages in representational functions but at which it does not transact commercial banking business.

(o) ‘‘Retail branch office,’’ when used with respect to a foreign (other nation) bank, means a place in this state at which the bank transacts commercial banking business, including (without limitation) the business of receiving deposits.

(p) ‘‘Wholesale branch office,’’ when used with respect to a foreign (other nation) bank, means a place in this state at which the bank transacts commercial banking business but at which it does not transact the business of receiving deposits except as permitted under paragraph (4) of subdivision (a) of Section 1755.

SEC. 51. Section 1700.3 is added to the Financial Code, to read:

1700.3. Nothing in this chapter, except Section 1707, applies to a federal agency or branch in this state.

SEC. 52. Section 1700.5 is added to the Financial Code, to read:

1700.5. (a) In this section, ‘‘subject bank’’ means a bank organized under the laws of any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, or the Northern Mariana Islands.

(b) Nothing in this chapter, except subdivision (c), shall apply to a subject bank that maintains a branch office in this state as a foreign (other state) state bank pursuant to Chapter 22 (commencing with Section 3800), Section 13(f), 13(k), 18(d), or 44 of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1823(f), 1823(k), 1828(d), or 1831u), or Section 9 of the Federal Reserve Act (12 U.S.C. Sec. 321).

(c) No subject bank shall at the same time maintain (1) as a foreign (other nation) bank, an office in this state licensed under this chapter and (2) as a foreign (other state) state bank, a branch office in this state pursuant to Chapter 22 (commencing with Section 3800), Section

13(f), 13(k), 18(d), or 44 of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1823(f), 1823(k), 1828(d), or 1831u), or Section 9 of the Federal Reserve Act (12 U.S.C. Sec. 321).

SEC. 53. Section 1701 of the Financial Code is amended to read:

1701. For purposes of this chapter, offices of foreign (other nation) banks are divided into classes and ranked in ascending order, as follows:

(a) Representative office.

(b) Nondepositary agency.

(c) Depositary agency.

(d) Limited branch office.

(e) Wholesale branch office.

(f) Retail branch office.

SEC. 54. Section 1702 of the Financial Code is amended to read:

1702. Fees shall be paid to, and collected by, the superintendent, as follows:

(a) The fee for filing with the superintendent an application by a foreign (other nation) bank that is not licensed to transact business in this state for approval to establish a branch office shall be two thousand dollars ($2,000).

(b) The fee for filing with the superintendent an application by a foreign (other nation) bank that is not licensed to transact business in this state for approval to establish an agency shall be one thousand five hundred dollars ($1,500).

(c) The fee for filing with the superintendent an application by a foreign (other nation) bank that is licensed to transact business in this state for approval to establish a branch office shall be one thousand dollars ($1,000).

(d) The fee for filing with the superintendent an application by a foreign (other nation) bank that is licensed to transact business in this state for approval to establish an agency shall be seven hundred fifty dollars ($750).

(e) The fee for filing with the superintendent an application by a foreign (other nation) bank for approval to establish a representative office shall be two hundred fifty dollars ($250).

(f) The fee for filing with the superintendent an application by a foreign (other nation) bank that is licensed to maintain an agency or branch office for approval to relocate or to close the office shall be two hundred fifty dollars ($250).

(g) The fee for filing with the superintendent an application by a foreign (other nation) bank that is licensed to maintain a representative office for approval to relocate or to close the representative office shall be one hundred dollars ($100).

(h) The fee for issuing a license shall be twenty-five dollars ($25).

(i) Each foreign (other nation) bank that on June 1st of any year is licensed to maintain a representative office but is not licensed to transact business in this state shall pay, on or before the following July 1st, a fee of two hundred fifty dollars ($250) for each such representative office.

SEC. 55. Section 1704 of the Financial Code is amended to read:

1704. (a) In this section, ‘‘act’’ includes (without limitation) omission.

(b) For purposes of making findings on an application by a foreign (other nation) bank for approval to establish an office:

(1) The superintendent may, in the absence of credible evidence to the contrary, presume that the directors, executive officers, and any controlling person of the bank and the directors and executive officers of any controlling person of the bank are each of good character and sound financial standing.

(2) The superintendent may find that the bank, a director, executive officer, or a controlling person of the bank, or a director or executive officer of a controlling person of the bank is not of good character if that person has done any of the following:

(A) Has been convicted of, or has pleaded nolo contendere to, any crime involving an act of fraud or dishonesty.

(B) Has consented to or suffered a judgment in any civil action based upon conduct involving an act of fraud or dishonesty.

(C) Has consented to or suffered the suspension or revocation of any professional, occupational, or vocational license based upon conduct involving an act of fraud or dishonesty.

(D) Has willfully made or caused to be made in any application or report filed with the superintendent or in any proceeding before the superintendent, any statement that was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or has willfully omitted to state in any application or report filed with the superintendent or in any proceeding before the superintendent, any material fact that was required to be stated therein.

(E) Has willfully committed any violation of, or has willfully aided, abetted, counseled, commanded, induced, or procured the violation by any other person of, any provision of this division or of any regulation or order issued under this division.

(c) Paragraph (2) of subdivision (b) shall not be deemed to be an exclusive list of the grounds upon which the superintendent may find, for purposes of making findings on an application by a foreign (other nation) bank for approval to establish an office, that the bank, a director, executive officer, or controlling person of the bank, or a director or executive officer of a controlling person of the bank is not of good character.

SEC. 56. Section 1705 of the Financial Code is amended to read:

1705. (a) Each foreign (other nation) bank that is licensed to maintain an office shall file with the superintendent reports as and when the superintendent may, by regulation or order, require.

(b) Each report filed with the superintendent under this chapter or under any regulation or order issued under this chapter shall be in the form, shall contain the information, shall be signed in the manner, and shall (if the superintendent so requires by regulation or order) be verified in the manner, that the superintendent may, by regulation or order, require.

SEC. 57. Section 1706 of the Financial Code is amended to read:

1706. Each foreign (other nation) bank that is licensed to maintain an office shall make, keep, and preserve at the office or at another place that the superintendent may, by regulation or order, approve, the books, accounts, and other records relating to the business of the office, in the form, in the manner, and for the time that the superintendent may, by regulation or order, provide.

SEC. 58. Section 1708 of the Financial Code is amended to read:

1708. (a) No foreign (other nation) bank shall concurrently be licensed to maintain offices of different classes.

(b) Subdivision (a) does not prohibit a foreign (other nation) bank that is licensed to maintain a representative office from being concurrently licensed to maintain an office of a different class or to prohibit a foreign (other nation) bank that is licensed to maintain an office other than a representative office from being concurrently licensed to maintain a representative office.

SEC. 59. Section 1709 of the Financial Code is repealed.

SEC. 60. Section 1710 of the Financial Code is amended to read:

1710. (a) (1) No foreign (other nation) bank (other than a bank that is licensed to maintain an agency or branch office) shall be issued a license to maintain a representative office unless it shall have first filed with the superintendent, in the form that the superintendent may by regulation or order require, an appointment irrevocably appointing the superintendent and the

superintendent's successor from time to time in office to be the bank's attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the representative office after the appointment has been filed, with the same force and validity as if served personally on the bank or its successor, as the case may be.

(2) Any foreign (other nation) bank (other than a bank that is licensed to maintain an agency or branch office or that maintains a federal agency or federal branch in this state) that maintains a representative office and that has not filed with the superintendent an appointment pursuant to paragraph (1) shall be deemed by the maintenance of that office to have appointed the superintendent as its attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the representative office with the same force and validity as if served personally on the bank or its successor, as the case may be.

(b) (1) No foreign (other nation) bank shall be issued a license to maintain an agency or branch office unless it shall have first filed with the superintendent, in the form that the superintendent may by regulation or order require, an appointment irrevocably appointing the superintendent and the superintendent's successor from time to time in office to be the bank's attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises after the appointment has been filed, with the same force and validity as if served personally on the bank or its successor, as the case may be.

(2) Any foreign (other nation) bank that maintains an agency or branch office (other than a federal agency or federal branch) and that has not filed with the superintendent an appointment pursuant to paragraph (1) shall be deemed by the maintenance of that office to have appointed the superintendent as its attorney to

receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors with the same force and validity as if served personally on the bank or its successor, as the case may be.

(c) Service may be made on a foreign (other nation) bank that has appointed or is deemed to have appointed the superintendent as its attorney for service of process by leaving a copy of the process at any office of the superintendent. However, the service is not effective unless (1) the party making the service, who may be the superintendent, forthwith sends notice of the service and a copy of the process by registered or certified mail to the bank served at its last address on file with the superintendent at any of its offices in this state or at its head office, and (2) an affidavit of compliance with this subdivision by the party making service is filed in the case on or before the return date, if any, or within any further time that the court, in the case of a judicial proceeding, or the administrative agency, in the case of an administrative proceeding, allows.

SEC. 61. Section 1712 of the Financial Code is amended to read:

1712. Each foreign (other nation) bank that is licensed to maintain an office shall post its license in a conspicuous place at the office.

SEC. 62. Section 1713 of the Financial Code is amended to read:

1713. (a) Each foreign (other nation) bank that is licensed to maintain an office shall assign to the office a popular name that consists of a specific designation by name or number and shall post the popular name and the name of the bank in a conspicuous place at the office.

(b) The popular name that a foreign (other nation) bank assigns to a representative office that it is licensed to maintain shall include the term ‘‘representative office.’’

(c) The popular name that a foreign (other nation) bank assigns to an agency that it is licensed to maintain shall not include the term ‘‘branch’’ unless the term is

modified by the word ‘‘foreign’’ or ‘‘overseas’’ or by a similar word.

SEC. 63. Section 1715 of the Financial Code is amended to read:

1715. Each foreign (other nation) bank that is licensed to maintain an office shall conduct all of the business of the office in a single building or in adjoining buildings. However, for good cause and with the approval of the superintendent, the bank may conduct part of the business of the office elsewhere in the same vicinity.

SEC. 64. Section 1716 of the Financial Code is amended to read:

1716. Any foreign (other nation) bank that, at the time it makes a loan or forbearance or executes a contract therefor, has assets equal to at least one hundred million dollars ($100,000,000), is licensed to maintain an office in California, is licensed or otherwise authorized by another state of the United States to maintain an agency or branch office in that state, or maintains a federal agency or federal branch in any state of the United States is exempted from the restrictions of Section 1 of Article XV of the Constitution relating to rates of interest upon the loan or forbearance of any money, goods, or things in action or on accounts after demand.

This section does not exempt a foreign (other nation) bank or a subsidiary thereof from complying with all other laws and regulations governing the business in which such a bank or subsidiary is engaged.

This section creates and authorizes an exempt class of persons pursuant to Section 1 of Article XV of the Constitution.

SEC. 65. Section 1725 of the Financial Code is amended to read:

1725. (a) No foreign (other nation) bank shall establish or maintain an office in this state at which it engages in representational functions unless it is licensed to maintain a representative office, agency, or branch office at that place.

(b) (1) No person shall establish or maintain an office in this state as representative of a foreign (other nation)

bank unless the bank is licensed to maintain the office as a representative office.

(2) For purposes of this chapter, if any person establishes or maintains an office in this state as representative of a foreign (other nation) bank, the bank shall be deemed to establish and maintain the office as a representative office.

(c) Neither subdivision (a) nor subdivision (b) shall be deemed to prohibit a foreign (other nation) bank that maintains a federal agency or federal branch in this state from establishing or maintaining one or more representative offices in this state.

SEC. 66. Section 1726 of the Financial Code is amended to read:

1726. (a) (1) No foreign (other nation) bank shall establish or maintain a representative office unless the superintendent shall have first approved the establishment of the office and issued a license authorizing the bank to maintain the office.

(2) Paragraph (1) shall not be deemed to prohibit a foreign (other nation) bank that maintains a federal agency or federal branch in this state from establishing or maintaining one or more representative offices in this state.

(b) If the superintendent finds the following with respect to an application by a foreign (other nation) bank for approval to establish a representative office, the superintendent shall approve the application:

(1) That the bank, any controlling person of the bank, the directors and executive officers of the bank or of any controlling person of the bank, and the proposed management of the office are each of good character and sound financial standing;

(2) That the financial history and condition of the bank are satisfactory.

(3) That the management of the bank and the proposed management of the office are adequate;

(4) That it is reasonable to believe that, if licensed to maintain the office, the bank will operate the office in

compliance with all applicable laws, regulations, and orders; and

(5) That the bank's establishment and maintenance of the office will promote the public convenience and advantage.

If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by a foreign (other nation) bank for approval to establish a representative office has been approved and all conditions precedent to the issuance of a license authorizing the bank to maintain the office have been fulfilled, the superintendent shall issue the license.

SEC. 67. Section 1727 of the Financial Code is amended to read:

1727. (a) No foreign (other nation) bank that is licensed to maintain a representative office shall relocate the office unless the superintendent shall have first approved the relocation and issued a license authorizing the bank to maintain the office at the new site.

(b) If the superintendent finds the following with respect to an application by a foreign (other nation) bank for approval to relocate a representative office, the superintendent shall approve the application:

(1) In case the new site of the office is in the same vicinity as the old site, that the relocation of the office will not be substantially detrimental to the public convenience and advantage; or

(2) In case the new site of the office is not in the same vicinity as the old site:

(A) That the relocation of the office from the old site will not be substantially detrimental to the public convenience and advantage in the area that is primarily served by the office at the old site; and

(B) That the relocation of the office to the new site will promote the public convenience and advantage.

If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by a foreign bank for approval to relocate a representative office has been

approved and all conditions precedent to the issuance of a license authorizing the bank to maintain the office at the new site have been fulfilled, the superintendent shall issue the license.

(d) Promptly after a foreign (other nation) bank that is licensed to maintain a representative office relocates the office, the bank shall surrender to the superintendent the license that authorized it to maintain the office at the old site.

SEC. 68. Section 1728 of the Financial Code is amended to read:

1728. A foreign (other nation) bank that is licensed to maintain a representative office may, subject to any regulations that the superintendent may prescribe, engage in representational functions at the office but shall not solicit or accept deposits or otherwise transact business at the office.

SEC. 69. Section 1729 of the Financial Code is amended to read:

1729. (a) (1) No foreign (other nation) bank that is licensed to maintain a representative office shall close the office unless the superintendent shall have first approved the closing.

(2) Paragraph (1) shall not be deemed to prohibit a foreign (other nation) bank that is licensed to maintain a representative office from closing the office in accordance with Article 4 (commencing with Section 1775).

(b) If the superintendent finds, with respect to an application by a foreign (other nation) bank for approval to close a representative office, that the closing of the office will not be substantially detrimental to the public convenience and advantage, the superintendent shall approve the application. If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by a foreign (other nation) bank for approval to close a representative office has been approved and all conditions precedent to the closing have been fulfilled, the bank may close the office and shall promptly thereafter surrender to the

superintendent the license that authorized it to maintain the office.

SEC. 70. Section 1750 of the Financial Code is amended to read:

1750. (a) No foreign (other nation) bank shall transact business in this state except at an agency or branch office that it is licensed to maintain and at which it is permitted by this chapter to transact the business transacted.

(b) Subdivision (a) shall not be deemed to prohibit:

(1) Any foreign (other nation) bank that maintains a federal agency or federal branch in this state from transacting at the federal agency or federal branch any business that it may be authorized to transact under applicable federal laws and regulations;

(2) Any foreign (other nation) bank from carrying on the activities described in subdivision (d) of Section 191 of the Corporations Code;

(3) Any foreign (other nation) bank that does not maintain an agency or branch office from making in this state loans secured by liens on real property located in this state; or

(4) Any foreign (other nation) bank that does not maintain an agency or branch office from transacting trust business as permitted under Section 1503.

(c) For purposes of subdivision (a), no foreign (other nation) bank shall be deemed to be transacting business in this state merely because a majority-owned subsidiary transacts business in this state.

SEC. 71. Section 1755 of the Financial Code is amended to read:

1755. (a) A foreign (other nation) bank that is licensed to maintain an agency or branch office may transact commercial banking business at the office, subject to the following:

(1) In case the office is a nondepositary agency, the bank shall not transact the business of accepting deposits.

(2) In case the office is a depositary agency, the bank shall not transact the business of accepting any deposits other than deposits of (A) a foreign nation, (B) an agency

or instrumentality of a foreign nation, or (C) a person which resides, is domiciled, and maintains its principal place of business in a foreign nation. For purposes of this paragraph, ‘‘person’’ means any individual, proprietorship, joint venture, partnership, trust, business trust, syndicate, association, joint stock company, corporation, limited liability company, or any other organization or any branch or division thereof.

(3) In case the office is a limited branch office, the bank shall not transact the business of accepting any deposits other than (A) deposits of the kind described in paragraph (2), or (B) deposits that the bank is permitted to accept pursuant to the agreement or undertaking that it enters into with the Board of Governors of the Federal Reserve System in accordance with Section 5(a)(2)(B) of the International Banking Act of 1978.

(4) In case the office is a wholesale branch office, the bank shall not transact the business of accepting any deposits other than (A) deposits of the kind described in paragraph (2), (B) deposits of one hundred thousand dollars ($100,000) or more, or (C) deposits the acceptance of which the superintendent determines by regulation or order do not constitute engaging in domestic retail deposit activities requiring deposit insurance protection.

(5) In case the office is an agency, limited branch office, or wholesale branch office, the bank may, subject to any regulations that the superintendent may prescribe, maintain credit balances.

(6) In any case, the bank shall not transact any business that it is not authorized to transact or is prohibited from transacting under the law of its domicile or that commercial banks organized under the laws of this state are not authorized to transact or are prohibited from transacting.

(b) No foreign (other nation) bank that is licensed to maintain an agency or branch office shall transact any trust business at the office except as permitted under Section 1503.

SEC. 72. Section 1756 of the Financial Code is amended to read:

1756. (a) In addition to other provisions of this division that are otherwise applicable to or with respect to foreign (other nation) banks licensed to maintain nondepositary agencies, the following provisions of this division shall apply to or with respect to each foreign (other nation) bank licensed to maintain a nondepositary agency with respect to its business in this state as if the bank were a commercial bank organized under the laws of this state:

(1) Article 5 (commencing with Section 270) of Chapter 2.

(2) Chapter 13 (commencing with Section 1650).

(3) Article 3 (commencing with Section 1951) of Chapter 15.

(4) Articles 3 (commencing with Section 3160), 4 (commencing with Section 3180), and 7 (commencing with Section 3240) of Chapter 17.

(5) Article 1 (commencing with Section 3350) of Chapter 18.

(6) Chapter 20 (commencing with Section 3600).

(7) Chapter 22 (commencing with Section 3800).

(b) In addition to other provisions of this division which are otherwise applicable to or with respect to foreign (other nation) banks licensed to maintain depositary agencies or branch offices, the following provisions of this division shall apply to or with respect to each foreign (other nation) bank licensed to maintain a depositary agency or branch office with respect to its business in this state as if the bank were a commercial bank organized under the laws of this state:

(1) Article 5 (commencing with Section 270) of Chapter 2.

(2) Chapter 6 (commencing with Section 750).

(3) Chapter 7 (commencing with Section 850).

(4) Chapter 8 (commencing with Section 952).

(5) Chapter 10 (commencing with Section 1200).

(6) Chapter 13 (commencing with Section 1650).

(7) Article 3 (commencing with Section 1951) of Chapter 15.

(8) Article 3 (commencing with Section 3160), Article 4 (commencing with Section 3180), and Article 7 (commencing with Section 3240) of Chapter 17.

(9) Article 1 (commencing with Section 3350) of Chapter 18.

(10) Section 3513 and Articles 2 (commencing with Section 3560), 3 (commencing with Section 3570), and 4 (commencing with Section 3580) of Chapter 19.

(11) Chapter 20 (commencing with Section 3600).

(12) Chapter 22 (commencing with Section 3800).

(c) Whenever any provision of this chapter or of any regulation or order issued under this chapter that is applicable to or with respect to foreign (other nation) banks licensed to transact business in this state is inconsistent with any provision of any other chapter of this division that is applicable to or with respect to foreign (other nation) banks licensed to transact business in this state, the former provision shall apply, and the latter provision shall not apply.

(d) (1) Whenever any provision of this division (other than the provisions of this chapter) is applicable to or with respect to foreign (other nation) banks licensed to transact business in this state, the provision shall be applied with any changes in points of detail as may be necessary or appropriate.

(2) Without limiting the provisions of paragraph (1), for purposes of any provision of this division (other than the provisions of this chapter) that is applicable to or with respect to a foreign (other nation) bank licensed to transact business in this state:

(A) ‘‘Approved by (or approval of) the board’’ means approved or ratified by the board of the bank, by a committee of the board authorized to exercise the powers of the board with respect to the particular matter, or by an officer of the bank who is assigned to the head office of the bank and who has authority over the bank’s business in this state, including authority to approve or ratify the particular matter.

(B) ‘‘Head office’’ means the primary office of the bank.

(C) ‘‘Shareholders’ equity’’ means the shareholders’ equity of the bank or, if the bank has no shareholders’ equity, the closest equivalent account or accounts.

(e) Whenever any provision of this division (other than the provisions of this chapter) that is applicable to or with respect to a foreign (other nation) bank licensed to transact business in this state limits the amount of any assets or liabilities of the bank (including, by way of example, the amount of borrowings of, obligations to, or investments of the bank), for purposes of calculating the amount of the assets or liabilities, only the assets or liabilities of the agencies or branch offices of the bank shall be included, and the assets and liabilities of offices of the bank outside this state shall be excluded.

SEC. 73. Section 1757 of the Financial Code is amended to read:

1757. (a) Whenever the superintendent calls for a report under Section 1931 from commercial banks organized under the laws of this state, the superintendent shall call for a report from each foreign (other nation) bank that is licensed to transact business in this state.

(b) A foreign (other nation) bank that is licensed to transact business in this state shall prominently display in the lobby of each agency and branch office (except an automated teller machine branch office, as defined in Section 550) a notice that any person may obtain from the bank a copy of the last report filed with the superintendent under subdivision (a). The notice shall include the address and telephone number of the person or office in this state to be contacted for a copy. The bank shall, promptly after receiving a request for a copy, mail or otherwise furnish a copy of the report to the requester. The first copy shall be provided without charge.

SEC. 74. Section 1775 of the Financial Code is amended to read:

1775. (a) Any foreign (other nation) bank that holds a license to maintain an office may voluntarily surrender the license by filing the license and a report with the

superintendent. However, any foreign (other nation) bank that holds licenses to maintain two or more offices may not voluntarily surrender less than all of the licenses.

(b) (1) Except as otherwise provided in paragraph (2), a voluntary surrender of a license shall be effective on the 30th day after the license and the report called for in subdivision (a) are filed with the superintendent or on an earlier date as the superintendent may by order specify.

(2) If a proceeding to revoke or suspend a license is pending at the time when the license and the report called for in subdivision (a) are filed with the superintendent or if a proceeding to revoke or suspend a license or to impose conditions upon the surrender of a license is instituted before the 30th day after the license and the report called for in subdivision (a) are filed with the superintendent, the voluntary surrender of the license shall become effective at the time and upon the conditions that the superintendent may by order specify.

SEC. 75. Section 1781 of the Financial Code is amended to read:

1781. If, after notice and a hearing, the superintendent finds any of the following with respect to a foreign (other nation) bank that is licensed to maintain an office, the superintendent may issue an order suspending or revoking the license of the bank:

(a) That the bank has violated any provision of this division or of any regulation or order issued under this division or any provision of any other applicable law, regulation, or order;

(b) That the bank, in case it is licensed to transact business in this state, is transacting the business in an unsafe or unsound manner or, in any case, is transacting business elsewhere in an unsafe or unsound manner;

(c) That the bank is in unsafe or unsound condition;

(d) That the bank has ceased to operate its office;

(e) That the bank is insolvent in that it has ceased to pay its debts in the ordinary course of business, it cannot pay its debts as they become due, or its liabilities exceed its assets;

(f) That the bank has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;

(g) That the bank has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under any bankruptcy, reorganization, insolvency, or moratorium law, or that any person has applied for any such relief under any such law against the bank and the bank has by any affirmative act approved of or consented to the action or the relief has been granted;

(h) That a receiver, liquidator, or conservator has been appointed for the bank or that any proceeding for such an appointment or any similar proceeding has been initiated in the place where the bank is domiciled;

(i) That the existence of the bank or the authority of the bank to transact banking business under the laws of the place where the bank is domiciled has been suspended or terminated; or

(j) That any fact or condition exists that, if it had existed at the time when the bank applied for its license to transact business in this state, would have been grounds for denying the application.

SEC. 76. Section 1782 of the Financial Code is amended to read:

1782. (a) If the superintendent finds that any of the factors set forth in Section 1781 is true with respect to any foreign (other nation) bank that is licensed to maintain an office and that it is necessary, in case the bank is licensed to transact business in this state, for the protection of the interests of creditors of the bank's business in this state or, in any case, for the protection of the public interest that the superintendent immediately suspend or revoke the license of the bank, the superintendent may issue an order suspending or revoking the license of the bank.

(b) (1) Within 30 days after an order is issued pursuant to subdivision (a), the foreign (other nation) bank to which the order is issued may file with the superintendent an application for a hearing on the order.

If the superintendent fails to commence the hearing within 15 business days after the application is filed with the superintendent (or within any longer period to which the bank consents), the order shall be deemed rescinded. Within 30 days after the hearing, the superintendent shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded.

(2) The right of any foreign (other nation) bank to which an order is issued under subdivision (a) to petition for judicial review of the order shall not be affected by the failure of the bank to apply to the superintendent for a hearing on the order pursuant to paragraph (1).

SEC. 77. Section 1783 of the Financial Code is amended to read:

1783. Any foreign (other nation) bank whose license to maintain an office is suspended or revoked shall immediately surrender the license to the superintendent.

SEC. 78. Section 1784 of the Financial Code is amended to read:

1784. (a) Any foreign (other nation) bank to which an order is issued under Section 1781 or 1782 may apply to the superintendent to modify or rescind such order. The superintendent shall not grant the application unless he finds that it is in the public interest to do so and that it is reasonable to believe that the bank will, if and when it is again licensed to maintain an office, comply with all applicable provisions of this division and of any regulation or order issued under this division.

(b) The right of any foreign (other nation) bank to which an order is issued under Section 1781 or 1782 to petition for judicial review of the order shall not be affected by the failure of the bank to apply to the superintendent pursuant to subdivision (a) to modify or rescind the order.

SEC. 79. Section 1854 of the Financial Code is amended to read:

1854. (a) No license to issue travelers checks shall be required of any bank that is organized under the laws of this state, any national bank that maintains its main office or a branch office in this state, any insured foreign (other

state) state bank that maintains a branch office in this state, or any foreign (other nation) bank that is licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 or that is authorized under federal law to maintain a federal agency (as defined in Section 1700) or federal branch (as defined in Section 1700) in this state.

(b) No license to issue travelers checks shall be required for the issuance of any foreign currency travelers check by a group of banks each of which is organized under the laws of a nation other than the United States and one or more of which are licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 or are authorized under federal law to maintain a federal agency or federal branch in this state, provided that each bank that is a member of the group is jointly and severally liable to pay the foreign currency travelers check.

SEC. 80. Section 1900 of the Financial Code is amended to read:

1900. (a) (1) For purposes of this subdivision, an examination made by the superintendent in conjunction with or with assistance from a bank regulatory agency of the United States, of a state of the United States, or of a foreign nation is deemed to be an examination caused by the superintendent.

(2) No provision of this subdivision shall be deemed to require that the superintendent cause an examination to be made onsite at the offices of a bank.

(3) The superintendent shall cause every California state bank, every California state trust company, the trust department of every California state title insurance company doing a trust business, and the business in this state of every foreign (other nation) bank licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 to be examined to the extent and whenever and as often as the superintendent shall deem it advisable, but in no case less than once every two calendar years.

(b) The superintendent may at any time examine any of the following:

(1) Any foreign (other state) state bank that maintains a branch office in this state.

(2) Any facility (as defined in Section 3800) that a foreign (other state) bank that does not maintain a branch office in this state, maintains in this state.

(3) Any representative office (as defined in Section 1700) that a foreign (other nation) bank is licensed under Article 2 (commencing with Section 1725) of Chapter 13.5 to maintain in this state.

(c) The officers and employees of every California state bank, California state trust company, California state title company's trust department, and foreign bank being examined shall exhibit to the examiners, on request, any or all of its securities, books, records, and accounts and shall otherwise facilitate the examination so far as it may be in their power.

SEC. 81. Section 1901 of the Financial Code is amended to read:

1901. (a) Whenever, in the judgment of the superintendent, the condition of any bank, trust company, or foreign banking corporation renders it necessary or expedient to make an extra examination or to devote any extraordinary attention to its affairs, he or she has the authority to make any necessary extra examinations and to devote any necessary extra attention to the conduct of its affairs and to charge for extra services an amount not exceeding two hundred dollars ($200) a day for each examiner engaged in the examination of the bank.

(b) Whenever in the judgment of the superintendent it is necessary or expedient for any examiner engaged in any examination to travel outside this state, the superintendent may charge for the travel expenses of the examiner.

SEC. 82. Section 1909 of the Financial Code is amended to read:

1909. (a) In this section, ''governmental agency'' includes, without limitation, any agency of this state, of any other state of the United States, of the United States, or of any foreign nation.

(b) The superintendent may furnish information to a governmental agency that regulates financial institutions.

(c) The superintendent may furnish to a governmental agency that administers a loan guarantee or similar program, information relating to a person who participates in the program.

(d) The superintendent may furnish to a governmental agency that regulates business activities, other than the type described in subdivision (b), information relating to:

(1) A suspected violation of a law administered by the agency.

(2) A person involved in an application to the agency for a license, approval, or other authorization.

(e) The superintendent may furnish to a governmental agency that is a law enforcement agency, information relating to a suspected crime.

(f) This section does not prescribe the only circumstances under which the superintendent may furnish information.

SEC. 83. Section 1912 of the Financial Code is amended to read:

1912. If it appears to the superintendent that a bank, trust company, or foreign banking corporation is violating or failing to comply with its articles or with any applicable law, the superintendent may direct the bank, trust company, or foreign banking corporation to comply with its articles or with the law by an order issued over his or her official seal, or if it appears to the superintendent that any bank, trust company, or foreign banking corporation is conducting its business in an unsafe or injurious manner the superintendent may in like manner direct it to discontinue the unsafe or injurious practices. The order shall require the bank, trust company, or foreign banking corporation to show cause before the superintendent at a time and place to be fixed by him or her why the order should not be observed.

SEC. 84. Section 1913 of the Financial Code is amended to read:

1913. If upon any hearing held pursuant to Section 1912 it appears to the superintendent that the bank, trust company, or foreign banking corporation is violating or failing to comply with its articles or with any applicable law or is conducting its business in an unsafe or injurious manner the superintendent may make a final order directing it to comply with its articles or with the law or to discontinue the unsafe or injurious practices. Unless within 10 days after the issuance of the final order its enforcement is restrained in a proceeding brought by the bank, trust company, or foreign banking corporation, it shall forthwith comply with the order.

SEC. 85. Section 1913.5 of the Financial Code is amended to read:

1913.5. (a) For the purposes of this section, the following definitions are applicable:

(1) ''Account holder'' includes, in the case of a deposit account, the depositor; in the case of a trust account, each trustor and beneficiary of the trust account; and, in the case of any other fiduciary account, each person who occupies, with respect to the account, a position that is similar to the position that a trustor or beneficiary occupies with respect to a trust account.

(2) ''Bank'' means the following:

(A) Any commercial bank or trust company incorporated under the laws of this state.

(B) Any foreign (other state) state bank that maintains a branch office in this state, with respect to the branch office and any other office in this state.

(C) Any foreign (other state) state bank that is licensed by the superintendent under Article 4 (commencing with Section 3860) of Chapter 22 to maintain a facility (as defined in Section 3800) in this state, with respect to any such office.

(D) Any foreign (other nation) bank that is licensed by the superintendent under Chapter 13.5 (commencing with Section 1700) to maintain an office in this state, with respect to any such office.

(E) Any corporation incorporated under the laws of this state that is incorporated for the purpose of engaging

in, or that is authorized by the superintendent to engage in, business under Article 1 (commencing with Section 3500) of Chapter 19.

(F) Any foreign corporation that is licensed by the superintendent under Article 1 (commencing with Section 3500) of Chapter 19 to maintain an office in this state and to transact at that office business under Article 1 (commencing with Section 3500) of Chapter 19, with respect to that office.

(3) ''Order'' means any approval, consent, authorization, permit, exemption, denial, prohibition, or requirement applicable to a specific case issued by the superintendent, including, without limitation, any condition thereof. ''Order'' does not include any certificate of authority or license issued by the superintendent but does include any condition of a license and any written agreement made by any person with the superintendent under this division.

(4) ''Subject person of a bank'' means any director, officer, or employee of the bank, or any person who participates in the conduct of the business of the bank. However, ''subject person of a bank'' does not include a controlling person of the bank that is registered as a bank holding company with the Board of Governors of the Federal Reserve System pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. Sections 1841, et seq.). ''Subject person of a bank'' does not include an individual who is a director, officer, or employee of a controlling person of the bank unless the individual is a director, officer, or employee of the bank or participates in the conduct of the business of the bank. For purposes of this paragraph, ''controlling person'' has the meaning set forth in Section 700.

(5) ''Violation'' includes, without limitation, any act done, alone or with one or more persons, for or toward causing, bringing about, participating in, counseling, aiding, or abetting a violation.

(b) If, after notice and a hearing, the superintendent finds the following, the superintendent may issue an order suspending or removing a subject person of a bank

from his or her office with the bank and prohibiting the subject person from further participating in any manner in the conduct of the business of the bank, except with the prior consent of the superintendent:

(1) (A) That the subject person has violated any provision of this division or of any regulation or order issued under this division, or any provision of any other applicable law relating to the business of the bank; or

(B) That the subject person has engaged or participated in any unsafe or unsound act with respect to the business of the bank; or

(C) That the subject person has committed or engaged in any act that constitutes a breach of his or her fiduciary duty as a subject person; and

(2) (A) That the bank has suffered or will probably suffer substantial financial loss or other damage by reason of the violation, act, or breach of fiduciary duty; or

(B) That the interests of the bank's account holders have been or are likely to be seriously prejudiced by reason of the violation, act, or breach of fiduciary duty; or

(C) That the subject person has received financial gain by reason of the violation, act, or breach of fiduciary duty; and

(3) That the violation, act, or breach of fiduciary duty is one involving personal dishonesty on the part of the subject person, or one that demonstrates a willful or continuing disregard for the safety or soundness of the bank.

(c) If, after notice and a hearing, the superintendent finds the following, the superintendent may issue an order suspending or removing a subject person of a bank from his or her office with the bank and prohibiting the subject person from further participating in any manner in the conduct of the business of the bank, except with the prior consent of the superintendent:

(1) That the subject person's conduct or practice with respect to another bank or business institution has resulted in substantial financial loss or other damage; and

(2) That the conduct or practice has evidenced personal dishonesty or willful or continuing disregard for

the safety and soundness of the other bank or business institution; and

(3) That the conduct or practice is relevant in that it demonstrates unfitness to continue as a subject person of the bank.

(d) If the superintendent finds the following, the superintendent may immediately issue an order suspending or removing a subject person of a bank from his or her office with the bank and prohibiting the subject person from further participating in any manner in the conduct of the business of the bank, except with the prior consent of the superintendent:

(1) That it is necessary for the protection of the bank or the interests of the bank's account holders that the superintendent issue the order immediately; and

(2) (A) That any of the factors set forth in paragraph (1) of subdivision (b), any of the factors set forth in paragraph (2) of subdivision (b), and any of the factors set forth in paragraph (3) of subdivision (b) are true with respect to the subject person; or

(B) That any of the factors set forth in paragraph (1) of subdivision (c), any of the factors set forth in paragraph (2) of subdivision (c), and the factor set forth in paragraph (3) of subdivision (c) are true with respect to the subject person.

(e) (1) If the superintendent finds the following, the superintendent may immediately issue an order suspending or removing a subject person of a bank from his or her office with the bank and prohibiting the subject person from further participating in any manner in the conduct of the business of the bank, except with the prior consent of the superintendent:

(A) That the subject person has been charged in an indictment issued by a grand jury or in an information, complaint, or similar pleading issued by a United States attorney, district attorney, or other governmental official or agency authorized to prosecute crimes, with a crime that is punishable by imprisonment for a term exceeding one year and that involves dishonesty or breach of trust; and

(B) That the person's continuing to serve as a subject person of the bank may pose a material threat to the interests of the bank's account holders or may threaten to materially impair public confidence in the bank. In case the criminal proceedings are terminated other than by a judgment of conviction, the order shall be deemed rescinded.

(2) If the superintendent finds the following, the superintendent may immediately issue an order suspending or removing a subject person of a bank, or a former subject person of a bank, from his or her office, if any, with the bank and prohibiting the person from further participating in any manner in the conduct of the business of the bank, except with the prior consent of the superintendent:

(A) That the person has been finally convicted of a crime that is punishable by imprisonment for a term exceeding one year and that involves dishonesty or breach of trust; and

(B) That the person's continuing to serve or resumption of service as a subject person of the bank may pose a material threat to the interests of the bank's account holders or may threaten to materially impair public confidence in the bank.

(3) The fact that any subject person of a bank charged with a crime involving dishonesty or breach of trust is not finally convicted of that crime shall not preclude the superintendent from issuing an order regarding the subject person pursuant to other provisions of this division.

(f) (1) Within 30 days after an order is issued pursuant to subdivision (d) or (e), the person to whom the order is issued may file with the superintendent an application for a hearing on the order. The superintendent shall, upon the written request of the person, extend the 30-day period by an additional 30 days provided the request is filed with the superintendent within 30 days after the order is issued. If the superintendent fails to commence the hearing within 15 business days after the application is filed, or within a longer period to which the person

consents, the order shall be deemed rescinded. Within 30 days after the hearing, the superintendent shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded.

(2) The right of any person to whom an order is issued under subdivision (d) or (e) to petition for judicial review of the order shall not be affected by the failure of that person to apply to the superintendent for a hearing on the order pursuant to this subdivision.

(g) (1) Any person to whom an order is issued under subdivision (b), (c), (d), or (e) may apply to the superintendent to modify or rescind that order. The superintendent shall not grant that application unless the superintendent finds that it is in the public interest to do so and that it is reasonable to believe that the person will, if and when he or she becomes a subject person of a bank, comply with all applicable provisions of this division and of any regulation or order issued thereunder.

(2) The right of any person to whom an order is issued under subdivision (b), (c), (d), or (e) to petition for judicial review of that order shall not be affected by the failure of the person to apply to the superintendent pursuant to paragraph (1) to modify or rescind the order.

(h) (1) A notice issued under this section shall state the facts constituting the grounds for removal, suspension, or prohibition.

(2) A hearing held before the superintendent pursuant to this section shall be private unless the superintendent, in his or her discretion, after fully considering the view of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

(i) (1) It is unlawful for any subject person of a bank or former subject person of a bank to whom an order is issued under subdivision (b), (c), (d), or (e) to do any of the following, except with the prior consent of the superintendent, so long as the order is effective:

(A) To serve or act as a director, officer, employee, or agent of any bank.

(B) To vote any shares or other securities of a bank having voting rights, for the election of any person as a director of the bank.

(C) Directly or indirectly, to solicit, procure, or transfer or attempt to transfer, or vote any proxy, consent, or authorization with respect to any shares or other securities of any bank having voting rights.

(D) Otherwise to participate in any manner in the conduct of the business of any bank.

(2) Any person who violates paragraph (1) shall, upon conviction, be punished by a fine of not more than five thousand dollars ($5,000) or imprisoned in the state prison, or in a county jail not to exceed one year, or by both that fine and imprisonment.

(3) If, after notice and a hearing, the superintendent finds that any person has violated paragraph (1), the superintendent may order that person to pay to the superintendent a civil penalty in an amount as the superintendent may specify; provided, however, that the amount of the civil penalty shall not exceed one thousand dollars ($1,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day for which the violation continues.

In determining the amount of a civil penalty to be paid to the superintendent under this paragraph, the superintendent shall consider the financial resources and good faith of the person charged, the gravity of the violation, the history of previous violations by the person, and other factors that in the opinion of the superintendent may be relevant.

SEC. 86. Section 1931 of the Financial Code is amended to read:

1931. The superintendent shall call for the report specified in Section 1930 from all California state banks and trust companies at least three times each year, and for at least three times each year shall designate as the day as of which the reports shall be made the day designated by the Comptroller of the Currency for reports from national banking associations.

SEC. 87. Section 1935 of the Financial Code is repealed.

SEC. 88. Section 1935 is added to the Financial Code, to read:

1935. A California state bank shall prominently display in the lobby of its head office and each branch office (except an automated teller machine branch office, as defined in Section 550) a notice that any person may obtain from the bank a copy of the last report filed with the superintendent under Section 1931. The notice shall include the address and telephone number of the person or office to be contacted for a copy. The bank shall, promptly after receiving a request for a copy, mail or otherwise furnish a copy of the report to the requester. The first copy shall be provided without charge.

SEC. 89. Section 1936 of the Financial Code is amended to read:

1936. Every California state bank shall keep its corporate records, financial records, and books of account in words and figures of the English language and in form satisfactory to the superintendent.

SEC. 91. Section 1938 of the Financial Code is amended to read:

1938. Each report required under this article, Chapter 13.5 (commencing with Section 1700), or Chapter 22 (commencing with Section 3800) shall be filed with the superintendent at the time that the superintendent may by regulation or order require. If any bank, trust company, or foreign bank fails to make any report required by this article, Chapter 13.5 (commencing with Section 1700), or Chapter 22 (commencing with Section 3800) at the time specified by the superintendent or fails to include therein any matter required by this article, Chapter 13.5 (commencing with Section 1700), or Chapter 22 (commencing with Section 3800) or by the superintendent, it shall be liable to the people of this state in the sum of not more than one hundred dollars ($100) for each day that the report is delayed or withheld by the failure or neglect of the bank, trust company, or foreign bank.

SEC. 92. Chapter 16 (commencing with Section 2050) of Division 1 of the Financial Code is repealed.

SEC. 92.5. Section 3371 of the Financial Code is amended to read:

3371. As used in this article:

(a) ‘‘Bank’’ means:

(1) Any commercial bank or trust company incorporated under the laws of this state.

(2) Any foreign (other nation) bank that is licensed by the superintendent under Article 3 (commencing with Section 1750) of Chapter 13.5 of this division to maintain a depositary agency or branch office (as defined in Section 1700) in this state, with respect to that office.

(3) Any corporation incorporated under the laws of this state that is incorporated for the purpose of engaging in, or that is authorized by the superintendent to engage in, business under Article 1 (commencing with Section 3500) of Chapter 19.

(4) Any foreign corporation that is licensed by the superintendent under Article 1 (commencing with Section 3500) of Chapter 19 of this division to maintain an office in this state and to transact at the office business under that article, with respect to that office.

(b) ‘‘Company’’ has the meaning set forth in subdivision (a) of Section 215.2 of Regulation O.

(c) ‘‘Executive officer’’ has the meaning set forth in the first two sentences of subdivision (d) of Section 215.2 of Regulation O. Also, ‘‘executive officer,’’ when used with respect to any bank of the type described in paragraph (2) or (4) of subdivision (a), includes the manager of each office of the type referred to in paragraph (2) or (4) of subdivision (a) which the bank maintains in this state.

(d) ‘‘Extension of credit’’ has the meaning set forth in Section 215.3 of Regulation O. However, for purposes of this subdivision, the term ‘‘member bank,’’ as used in Section 215.3, shall be construed to have the same meaning as ‘‘bank,’’ as defined in subdivision (a).

(e) ‘‘Regulation O’’ means Regulation O (12 C.F.R., Part 215) as adopted by the Board of Governors of the

Federal Reserve System, including all amendments thereto in effect on January 1, 1984.

SEC. 93. Section 3392.5 is added to the Financial Code, to read:

3392.5. No provision of Section 3390, 3391, or 3392 prohibits any of the following from transacting any business or performing any activity if it is authorized by applicable law to transact the business or perform the activity and is not prohibited by any applicable law (other than Sections 3390, 3391, and 3392) from transacting the business or performing the activity:

(a) Any California state commercial bank or trust company.

(b) Any national bank.

(c) Any insured foreign (other state) state bank.

(d) Any foreign (other state) state bank that is licensed by the superintendent under Article 4 (commencing with Section 3860) of Chapter 22 to maintain a facility (as defined in Section 3800) in this state.

(e) Any foreign (other nation) bank that is licensed by the superintendent under Chapter 13.5 (commencing with Section 1700) to maintain an office in this state.

(f) Any foreign (other nation) bank that maintains a federal agency (as defined in subdivision (g) of Section 1700) or federal branch (as defined in subdivision (h) of Section 1700) in this state.

(g) Any California state corporation that is incorporated for the purpose of engaging in, and that is authorized by the superintendent to engage in, business under Article 1 (commencing with Section 3500) of Chapter 19.

(h) Any corporation incorporated under Section 25A of the Federal Reserve Act (12 U.S.C. Sec. 612 et seq.).

(i) Any foreign corporation that is licensed by the superintendent under Article 1 (commencing with Section 3500) of Chapter 19 to maintain an office in this state and to transact at that office business under Article 1 (commencing with Section 3500) of Chapter 19.

SEC. 94. Chapter 21.5 (commencing with Section 3750) of Division 1 of the Financial Code is repealed.

SEC. 94.5. Chapter 21.5 (commencing with Section 3750) is added to Division 1 of the Financial Code, to read:

CHAPTER 21.5. INTERSTATE ACQUISITIONS

3750. This chapter does not apply to any of the following transactions:

(a) An acquisition of control of a California state bank that requires the approval of the superintendent under Article 7 (commencing with Section 700) of Chapter 5.

(b) A sale or merger that requires the approval of the superintendent under Division 1.5 (commencing with Section 4800).

3751. Each application filed with the superintendent for an approval under this chapter shall be in the form, shall contain the information, shall be signed in the manner, and shall, if the superintendent requires by regulation or order, be verified in the manner that the superintendent may by regulation or order require.

3752. The fee for filing with the superintendent an application for an approval under this chapter is two thousand five hundred dollars ($2,500).

3753. (a) The definitions that are set forth in or are applicable to Section 3(d) of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842(d)) apply to this section.

(b) The superintendent may approve an acquisition by a bank holding company that is subject to Section 3(d)(2)(B) and (D)(ii) of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842(d)(2)(B) and (D)(ii)) if the superintendent finds that the acquisition is consistent with the public convenience and advantage in this state.

3754. (a) The definitions that are set forth in or are applicable to Section 44 of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1831u) apply to this section.

(b) This section does not apply if each bank involved in an interstate merger transaction (including each insured depository institution that is an affiliate of the surviving, resulting, or purchasing bank) that is

organized under the laws of this state, that is organized under federal law and maintains its main or head office in this state, or that maintains a branch office in this state, is an industrial loan company (as defined in Section 4805.10).

(c) The superintendent may approve an interstate merger transaction that is subject to Section 44(b)(2)(B) and (D)(ii) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1831u(b)(2)(B) and (D)(ii)) if the superintendent finds that the transaction is consistent with the public convenience and advantage in this state.

SEC. 95. Chapter 22 (commencing with Section 3800) is added to Division 1 of the Financial Code, to read:

CHAPTER 22. FOREIGN (OTHER STATE) BANKS

Article 1. General Provisions

3800. In this chapter, unless the context otherwise requires:

(a) ‘‘Branch business unit’’ has the meaning set forth in subdivision (a) of Section 4840.

(b) ‘‘Core banking business’’ means the business of receiving deposits, paying checks, making loans, and other activities that the superintendent may specify by order or regulation. ‘‘Core banking business,’’ when used to describe the trust business, includes receiving fiduciary assets and administering fiduciary accounts.

(c) ‘‘Facility,’’ when used with respect to a foreign (other state) bank, means an office in this state at which the bank engages in noncore banking business but at which it does not engage in core banking business.

(d) ‘‘California industrial loan company’’ means a corporation of the type described in Section 18003 organized under the laws of this state.

(e) ‘‘Noncore banking business’’ means all activities permissible for commercial banks or trust companies, except core banking business, and except those activities prohibited by law or determined by the superintendent

by regulation or order not to be noncore banking business.

(f) ‘‘Whole business unit’’ has the meaning set forth in subdivision (g) of Section 4840.

3801. Each application filed with the superintendent under this chapter or under any regulation or order issued under this chapter shall be in the form, shall contain the information, shall be signed in the manner, and shall (if the superintendent requires by regulation or order) be verified in the manner that the superintendent may by regulation or order require.

3802. (a) Each foreign (other state) bank that maintains a facility or a California branch office shall file with the superintendent such reports as and when the superintendent may by regulation or order require.

(b) Each report filed with the superintendent under this chapter or under any regulation or order issued under this chapter shall be in the form, shall contain the information, shall be signed in the manner, and shall (if the superintendent requires by regulation or order) be verified in the manner that the superintendent may by regulation or order require.

3803. Each foreign (other state) bank that maintains a facility (other than a foreign (other state) national bank that maintains a California branch office) and each foreign (other state) state bank that maintains a California branch office shall make, keep, and preserve at the facility or branch office or at another place that the superintendent may by regulation or order approve, the books, accounts, and other records relating to the business of the office, in the form, in the manner, and for the time that the superintendent may by regulation or order provide.

3804. Fees shall be paid to and collected by the superintendent as follows:

(a) The fee for filing with the superintendent an application by an uninsured foreign (other state) bank for approval to establish a facility is two hundred fifty dollars ($250).

(b) The fee for filing with the superintendent an application by an uninsured foreign (other state) bank that is licensed pursuant to Article 4 (commencing with Section 3860) to maintain a facility for approval to relocate or to close the facility is one hundred dollars ($100).

(c) The fee for issuing a license pursuant to Article 4 (commencing with Section 3860) is twenty-five dollars ($25).

(d) Each foreign (other state) state bank that on June 1 of any year maintains one or more California branch offices shall pay, on or before the following July 1, a fee of one thousand dollars ($1,000) per California branch office; provided, however, that the minimum fee paid by a foreign (other state) state bank under this subdivision shall be not less than three thousand dollars ($3,000) and the maximum fee shall be not more than fifty thousand dollars ($50,000).

(e) Each foreign (other state) bank that on June 1 of any year maintains a facility but no California branch office shall pay, on or before the following July 1, a fee of two hundred fifty dollars ($250) for each facility.

(f) If the superintendent makes an examination in connection with a pending application, as described in subdivision (a) or (b), the applicant shall pay a fee for the examination of two hundred dollars ($200) per day for each examiner engaged in the examination plus, if in the opinion of the superintendent it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

(g) If the superintendent makes an examination of a foreign (other state) state bank that maintains a California branch office, the bank shall pay a fee for the examination of fifty dollars ($50) per hour for each examiner engaged in the examination plus, if in the opinion of the superintendent it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

(h) If the superintendent makes an examination of a facility of an uninsured foreign (other state) bank

licensed under Article 4 (commencing with Section 3860), the bank shall pay a fee for the examination of fifty dollars ($50) per hour for each examiner engaged in the examination plus, if in the opinion of the superintendent it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

(i) If the superintendent makes an examination of a facility of an insured foreign (other state) bank that does not maintain a California branch office, the bank shall pay a fee for the examination of fifty dollars ($50) per hour for each examiner engaged in the examination plus, if in the opinion of the superintendent it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

3805. (a) Any foreign (other state) state bank is exempted from the restrictions of Section 1 of Article XV of the California Constitution relating to rates of interest upon the loan or forbearance of any money, goods, or things in action or on accounts after demand.

(b) This section does not exempt a foreign (other state) state bank or any subsidiary from complying with all other laws and regulations governing the business in which the bank or subsidiary is engaged.

(c) This section creates and authorizes an exempt class of persons pursuant to Section 1 of Article XV of the California Constitution.

3806. (a) In this section, ‘‘subject bank’’ means a bank organized under the laws of any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, or the Northern Mariana Islands.

(b) Nothing in this chapter, except subdivision (c), applies to a subject bank that, as a foreign (other nation) bank, maintains an office in this state licensed under Chapter 13.5 (commencing with Section 1700) or a federal agency (as defined in Section 1700) or federal branch (as defined in Section 1700) in this state.

(c) No subject bank may at the same time maintain (1) as a foreign (other state) state bank, an office in this state

and (2) as a foreign (other nation) bank, an office in this state licensed under Chapter 13.5 (commencing with Section 1700) or a federal agency (as defined in Section 1700) or federal branch (as defined in Section 1700) in this state.

Article 2. California Branch Offices

3820. No foreign (other state) state bank may transact core banking business in this state except at a branch office established in accordance with federal law and the law of the domicile of the bank.

3821. Section 3820 does not prohibit:

(a) Any foreign (other state) state bank that does not maintain a California branch office from carrying on the activities described in subdivision (d) of Section 191 of the Corporations Code.

(b) Any foreign (other state) state bank that does not maintain a California branch office from making, in this state, loans secured by liens on real property located in this state.

(c) Any foreign (other state) state bank from having a California state bank as its agent pursuant to Chapter 6.5 (commencing with Section 800).

3822. No foreign (other state) bank may establish or maintain a California branch office unless it is qualified to transact intrastate business in this state under Chapter 21 (commencing with Section 2100) of Division 1 of Title 1 of the Corporations Code.

3823. No foreign (other state) bank may establish or maintain a California branch office unless the bank is insured.

3824. (a) (1) No foreign (other state) bank may merge as the surviving corporation with a California bank or California industrial loan company except that an insured foreign (other state) bank may do so in accordance with federal law, the law of the domicile of the foreign (other state) bank, this chapter, and Division 1.5 (commencing with Section 4800).

(2) No foreign (other state) bank may purchase the whole business unit of a California bank or California industrial loan company, except that an insured foreign (other state) bank may do so in accordance with federal law, the law of the domicile of the foreign (other state) bank, this chapter, and Division 1.5 (commencing with Section 4800).

(3) No foreign (other state) bank that does not already maintain a California branch office may establish or maintain a California branch office except in the manner described in paragraph (1) or (2) and in accordance with federal law, the law of the domicile of the foreign (other state) bank, and this chapter.

(b) This section constitutes:

(1) An election to permit early interstate merger transactions pursuant to Section 44(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1831u(a)(3)).

(2) An express prohibition against interstate branching through the acquisition of a branch business unit located in this state of a California bank or California industrial loan company (without acquisition of the whole business unit of the California bank or California industrial loan company) pursuant to Section 44(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1831u(a)(4)).

(3) An express prohibition against interstate branching through de novo establishment of California branch offices pursuant to Section 5155 of the Revised Statutes (12 U.S.C. Sec. 36) or Section 18(d) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1828(d)).

3825. (a) No foreign (other state) bank may:

(1) Merge as the surviving bank with a California bank or California industrial loan company pursuant to paragraph (1) of subdivision (a) of Section 3824, unless the California bank or California industrial loan company has been in existence for at least five years.

(2) Purchase the whole business unit of a California bank or California industrial loan company pursuant to paragraph (2) of subdivision (a) of Section 3824 unless the

California bank or California industrial loan company has been in existence for at least five years.

(b) For purposes of this section, a California bank or California industrial loan company that is established solely for the purpose of, and does not open for business prior to, acquiring the whole business unit of a second California bank or California industrial loan company through a merger or purchase is deemed to have been in existence for the same period of time as the second California bank or California industrial loan company.

3826. The minimum age requirement set forth in Section 3825 does not apply in any case in which the factor set forth in subdivision (a) and any of the factors set forth in subdivision (b) apply.

(a) The foreign (other state) bank, by itself or in concurrent transactions with other depository corporations (as defined in Section 4805.06), acquires the whole business unit of the California bank or California industrial loan company or, if the California bank or California industrial loan company has been closed or placed in conservatorship, all or substantially all of the insured deposits of the California bank or California industrial loan company.

(b) (1) If the California bank is a national bank, one of the following:

(A) The bank is in default or in danger of default, as defined in Section 3(x) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(x)).

(B) The purchase or merger is one with respect to which the Federal Deposit Insurance Corporation provides assistance under Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

(2) If the California bank is a state bank, one of the following:

(A) The superintendent has taken possession of the property and business of the bank pursuant to Section 3100.

(B) The purchase or merger is one with respect to which the Federal Deposit Insurance Corporation

provides assistance under Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

(C) The superintendent finds that one or more of the factors listed in Section 3100 exists and that imposing the minimum age requirement of Section 3825 is not in the public interest.

(3) In the case of a California industrial loan company, one of the following:

(A) The Commissioner of Corporations has taken possession of the property and business of the industrial loan company pursuant to Section 18415.

(B) The purchase or merger is one with respect to which the Federal Deposit Insurance Corporation provides assistance under Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

(C) The Commissioner of Corporations finds that one or more of the factors listed in Section 18415 exists and that imposing the minimum age requirement of Section 3825 is not in the public interest.

3827. (a) In case a foreign (other state) state bank that maintains a California branch office is a commercial bank, in addition to other provisions of this division that are otherwise applicable to the bank, the following provisions of this division apply to the bank with respect to its business in this state as if the bank were a California state commercial bank:

(1) Sections 764, 765, 775, 777.5, and 779.

(2) Chapter 7 (commencing with Section 850).

(3) Chapter 8 (commencing with Section 952).

(4) Sections 1227.2, 1227.3, 1338, 1380, 1381, and 1382.

(5) Chapter 13 (commencing with Section 1650).

(6) Article 1 (commencing with Section 3350) of Chapter 18.

(7) Chapter 20 (commencing with Section 3600).

(b) In case a foreign (other state) state bank that maintains a California branch office transacts trust business, in addition to other provisions of this division that are otherwise applicable to the bank, the following provisions of Chapter 12 (commencing with Section 1500) apply to the bank with respect to its business in this

state as if the bank were a California state bank authorized to transact trust business:

(1) Article 3 (commencing with Section 1540). For purposes of Article 3 (commencing with Section 1540), the bank's principal place of business is deemed to be situated in the city in which its California branch office is located or, if it maintains California branch offices in two or more cities, in the city with the largest population.

(2) Article 4 (commencing with Section 1560), except Section 1560.

(3) Article 5 (commencing with Section 1580), except Sections 1583, 1584, 1585, 1588, and 1590.

(c) No foreign (other state) state bank that maintains a California branch office may transact at the branch office any business that it is not authorized to transact or is prohibited from transacting under the law of its domicile or that commercial banks organized under the laws of this state are not authorized to transact or are prohibited from transacting.

(d) Whenever any provision of this chapter or of any regulation or order issued under this chapter that is applicable to or with respect to a foreign (other state) state bank that maintains a California branch office is inconsistent with any provision of any other chapter of this division, the former provision applies, and the latter provision does not apply.

Article 3. Facilities of Insured Foreign (Other State) Banks

3840. No provision of this article applies to an insured foreign (other state) bank that maintains a California branch office.

3841. (a) No foreign (other state) bank may establish or maintain an office in this state at which it engages in noncore banking business unless the bank complies with this article and applicable provisions of Article 1 (commencing with Section 3800).

(b) (1) No person may establish or maintain an office in this state as representative of an insured foreign (other

state) bank unless the bank complies with this article and applicable provisions of Article 1 (commencing with Section 3800).

(2) For purposes of this article, if any person establishes or maintains an office in this state as representative of an insured foreign (other state) bank, the insured foreign (other state) bank is deemed to establish and maintain the office as a facility.

3842. Not less than 30 days before an insured foreign (other state) bank establishes a facility, it shall file with the superintendent a report and the appointment called for in Section 3843.

3843. (a) Not less than 30 days before establishing a facility, an insured foreign (other state) bank shall file with the superintendent, in the form that the superintendent may by regulation or order require, an appointment irrevocably appointing the superintendent and the superintendent's successor from time to time in office to be the bank's attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the facility after the appointment has been filed, with the same force and validity as if served personally on the bank or its successors, as the case may be.

(b) Any insured foreign (other state) bank that maintains a facility and that has not filed with the superintendent an appointment pursuant to subdivision (a) is deemed by the maintenance of the facility to have appointed the superintendent as its attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the facility, with the same force and validity as if served personally on the bank or its successor, as the case may be.

(c) Service may be made on an uninsured foreign (other state) bank that has appointed or is deemed to have appointed the superintendent as its attorney for service of process by leaving a copy of the process at any office of the superintendent. However, the service is not

effective unless (1) the party making the service, who may be the superintendent, forthwith sends notice of the service and a copy of the process by registered or certified mail to the bank served at the last address on file with the superintendent for any of the bank's offices in this state or at its head office, and (2) an affidavit of compliance with this subdivision by the party making the service is filed in the case on or before the return date, if any, or within any further time that the court, in the case of a judicial proceeding, or the administrative agency, in the case of an administrative proceeding, allows.

3844. Not less than 30 days before an insured foreign (other state) bank relocates a facility, it shall file a report with the superintendent.

3845. Not less than 30 days before an insured foreign (other state) bank closes a facility, it shall file a report with the superintendent.

Article 4. Facilities of Uninsured Foreign (Other State) Banks

3860. In this article, unless the context otherwise requires:

(a) ''Controlling person,'' when used with respect to an uninsured foreign (other state) bank, means any person who directly or indirectly controls the bank. For purposes of this subdivision, ''control'' has the meaning set forth in subdivision (b) of Section 700, and ''person'' has the meaning set forth in subdivision (d) of Section 700.

(b) ''Executive officer,'' when used with respect to an uninsured foreign (other state) bank or a controlling person of an uninsured foreign (other state) bank, means the chief executive officer, the chief operating officer, the chief financial officer, and any other person who participates or has authority to participate in major policymaking functions of the bank or controlling person.

(c) (1) ''License'' means a license issued under this article, authorizing an uninsured foreign (other state) bank to maintain a facility.

(2) ‘‘Licensed’’ means to be issued or to hold a license.

3861. (a) In this section, ‘‘act’’ includes (without limitation) omission.

(b) For purposes of making findings on an application by an uninsured foreign (other state) bank for approval to establish a facility:

(1) The superintendent may, in the absence of credible evidence to the contrary, presume that the directors, executive officers, and any controlling person of the bank, the directors and executive officers of any controlling person of the bank, and the members of the proposed management of the facility are each of good character and sound financial standing.

(2) The superintendent may find that the bank, a director, executive officer, or controlling person of the bank, a director or executive officer of a controlling person of the bank, or any member of the proposed management of the facility is not of good character if the person has done any of the following:

(A) Has been convicted of, or has pleaded nolo contendere to, any crime involving an act of fraud or dishonesty.

(B) Has consented to or suffered a judgment in any civil action based upon conduct involving an act of fraud or dishonesty.

(C) Has consented to or suffered the suspension or revocation of any professional, occupational, or vocational license based upon conduct involving an act of fraud or dishonesty.

(D) Has willfully made or caused to be made in any application or report filed with the superintendent or in any proceeding before the superintendent any statement that was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or has willfully omitted to state in any such application or report any material fact that was required to be stated in the application or report.

(E) Has willfully committed any violation of, or has willfully aided, abetted, counseled, commanded, induced, or procured the violation by any other person of,

any provision of this division or of any regulation or order issued under this division.

(c) Paragraph (2) of subdivision (b) is not an exclusive list of the grounds upon which the superintendent may find, for purposes of making findings on an application by an uninsured foreign (other state) bank for approval to establish a facility, that the bank, a director, executive officer, or controlling person of the bank, a director or executive officer of a controlling person of the bank, or any member of the proposed management of the facility is not of good character.

3862. (a) No uninsured foreign (other state) bank may establish or maintain an office in this state at which it engages in noncore banking business unless the uninsured foreign (other state) bank is licensed to maintain the office as a facility.

(b) (1) No person may establish or maintain an office in this state as representative of an uninsured foreign (other state) bank unless the uninsured foreign (other state) bank is licensed to maintain the office as a facility.

(2) For purposes of this article, if any person establishes or maintains an office in this state as representative of an uninsured foreign (other state) bank, the uninsured foreign (other state) bank is deemed to establish and maintain the office as a facility.

3863. (a) (1) No uninsured foreign (other state) bank may establish or maintain a facility unless the superintendent has first approved the establishment of the office and issued a license authorizing the bank to maintain the office.

(b) If the superintendent finds all the following with respect to an application by an uninsured foreign (other state) bank for approval to establish a facility, the superintendent shall approve the application:

(1) The bank, any controlling person of the bank, the directors and executive officers of the bank or of any controlling person of the bank, and the proposed management of the office are each of good character and sound financial standing.

(2) The financial history and condition of the bank are satisfactory.

(3) The management of the bank and the proposed management of the office are adequate.

(4) It is reasonable to believe that, if licensed to maintain the office, the bank will operate the office in compliance with all applicable laws, regulations, and orders.

(5) The bank's establishment and maintenance of the office will promote the public convenience and advantage.

(6) The activities in which the bank proposes to engage at the office are noncore banking business and do not constitute core banking business.

If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by an uninsured foreign (other state) bank for approval to establish a facility has been approved and all conditions precedent to the issuance of a license authorizing the bank to maintain the office have been fulfilled, the superintendent shall issue the license.

3864. (a) No uninsured foreign (other state) bank that is licensed to maintain a facility may relocate the office unless the superintendent has first approved the relocation and issued a license authorizing the bank to maintain the office at the new site.

(b) If the superintendent finds the following with respect to an application by an uninsured foreign (other state) bank for approval to relocate a facility, the superintendent shall approve the application:

(1) In case the new site of the office is in the same vicinity as the old site, that the relocation of the office will not be substantially detrimental to the public convenience.

(2) In case the new site of the office is not in the same vicinity as the old site, both of the following:

(A) The relocation of the office from the old site will not be substantially detrimental to the public

convenience and advantage in the area that is primarily served by the office at the old site.

(B) The relocation of the office to the new site will promote the public convenience and advantage.

If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by an uninsured foreign (other state) bank for approval to relocate a facility has been approved and all conditions precedent to the issuance of a license authorizing the bank to maintain the office at the new site have been fulfilled, the superintendent shall issue the license.

(d) Promptly after an uninsured foreign (other state) bank that is licensed to maintain a facility relocates the office, the bank shall surrender to the superintendent the license that authorized it to maintain the office at the old site.

3865. An uninsured foreign (other state) bank that is licensed to maintain a facility may, subject to any regulations that the superintendent may prescribe, engage in any noncore banking business at the office but may not solicit deposits, receive deposits, pay checks, make loans, or otherwise conduct core banking business at the office.

3866. (a) (1) No uninsured foreign (other state) bank that is licensed to maintain a facility may close the office unless the superintendent has first approved the closing.

(2) Paragraph (1) does not prohibit an uninsured foreign (other state) bank that is licensed to maintain a facility from closing the office in accordance with Section 3867.

(b) If the superintendent finds, with respect to an application by an uninsured foreign (other state) bank for approval to close a facility, that the closing of the office will not be substantially detrimental to the public convenience and advantage, the superintendent shall approve the application. If the superintendent finds otherwise, the superintendent shall deny the application.

(c) Whenever an application by an uninsured foreign (other state) bank for approval to close a facility has been approved and all conditions precedent to the closing have been fulfilled, the bank may close the office and shall promptly thereafter surrender to the superintendent the license that authorized it to maintain the office.

3867. (a) Any uninsured foreign (other state) bank that holds a license to maintain a facility may voluntarily surrender the license by filing the license and a report with the superintendent. However, any uninsured foreign (other state) bank that holds licenses to maintain two or more facilities may not voluntarily surrender fewer than all of the licenses.

(b) (1) Except as provided in paragraph (2), a voluntary surrender of a license is effective on the 30th day after the license and the report called for in subdivision (a) are filed with the superintendent, or on any earlier date that the superintendent may by order specify.

(2) If a proceeding to revoke or suspend a license is pending when the license and the report called for in subdivision (a) are filed with the superintendent, or if a proceeding to revoke or suspend a license or to impose conditions upon the surrender of a license is instituted before the 30th day after the license and the report called for in subdivision (a) are filed with the superintendent, the voluntary surrender of the license is effective at the time and upon the conditions that the superintendent may by order specify.

3868. (a) (1) No uninsured foreign (other state) bank may be issued a license to maintain a facility unless it has first filed with the superintendent, in the form that the superintendent may by regulation or order require, an appointment irrevocably appointing the superintendent and the superintendent's successor from time to time in office as the bank's attorney to receive service of process in any noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the facility after the appointment has been filed, with the

same force and validity as if served personally on the bank or its successors, as the case may be.

(2) Any uninsured foreign (other state) bank that maintains a facility and that has not filed with the superintendent an appointment pursuant to paragraph (1) is deemed by the maintenance of the facility to have appointed the superintendent and the superintendent's successor from time to time in office as its attorney to receive service of any lawful process in a noncriminal judicial or administrative proceeding against the bank or any of its successors that arises out of the activities in this state of the facility with the same force and validity as if served personally on the bank or its successors, as the case may be.

(b) Service may be made on an uninsured foreign (other state) bank that has appointed or is deemed to have appointed the superintendent as its attorney for service of process by leaving a copy of the process at an office of the superintendent. However, the service is not effective unless (1) the party making the service, who may be the superintendent, forthwith sends notice of the service and a copy of the process by registered or certified mail to the bank served at the last address on file with the superintendent for any of its offices in this state or at its head office, and (2) an affidavit of compliance with this subdivision by the party making the service is filed in the case on or before the return date, if any, or within any further time that the court, in the case of a judicial proceeding, or the administrative agency, in the case of an administrative proceeding, allows.

3869. Each uninsured foreign (other state) bank that is licensed to maintain a facility shall assign to the office a popular name that includes the term ''facility'' and that consists of a specific designation by name or number. The bank shall post the popular name and the name of the bank in a conspicuous place at the office.

3870. Each uninsured foreign (other state) bank that is licensed to maintain a facility shall post its license in a conspicuous place at the office.

3871. No license is transferable or assignable.

SEC. 95.1. Section 4803 is added to the Financial Code, to read:

4803. If and to the extent that any provision of this division is preempted by federal law, the provision does not apply and shall not be enforced.

SEC. 96. Article 2 (commencing with Section 4805) of Chapter 1 of Division 1.5 of the Financial Code is repealed.

SEC. 97. Article 2 (commencing with Section 4805.01) is added to Chapter 1 of Division 1.5 of the Financial Code, to read:

Article 2. Definitions

4805.01. Subject to additional definitions contained in this division that are applicable to specific provisions of this division and unless the context otherwise requires:

(a) The definitions in this article apply throughout this division.

(b) The definitions in Chapter 1 (commencing with Section 99) of Division 1 and in Section 1700 apply throughout this division. For this purpose, ''this division,'' as used in Sections 123 and 124, means:

(1) In the case of a California state bank, Division 1 (commencing with Section 99) and this division.

(2) In the case of a California state savings association, this division and Division 2 (commencing with Section 5000).

(3) In the case of a California industrial loan company, this division and Division 7 (commencing with Section 18000).

4805.02. ''Appropriate regulator'' means:

(a) When used with respect to a bank, the superintendent.

(b) When used with respect to a savings association, the Savings and Loan Commissioner.

(c) When used with respect to an industrial loan company, the Commissioner of Corporations.

4805.03. ''California'' means:

(a) When used with respect to a savings association, in the case of a state savings association, a savings association that is organized under the laws of this state and, in the case of a federal savings association, a savings association that maintains its head office in this state.

(b) When used with respect to an industrial loan company, an industrial loan company that is organized under the laws of this state.

(c) When used with respect to an office of a savings association or of an industrial loan company, an office located in this state.

(d) When used with respect to any corporation other than a depository corporation, a corporation organized under the laws of this state.

4805.04. ''California federally licensed foreign (other nation) bank,'' when used with respect to a sale or merger, means a foreign (other nation) bank that is authorized under federal law to maintain a federal agency or federal branch in this state immediately before the effective time of the sale or merger in case it is the selling or disappearing corporation or at the effective time of the sale or merger in case it is the purchasing or surviving corporation.

4805.05. ''California state-licensed foreign (other nation) bank,'' when used with respect to a sale or merger, means a foreign (other nation) bank that is licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 to maintain an agency or branch office in this state immediately before the effective time of the sale or merger in case it is the selling or disappearing corporation or at the effective time of the sale or merger in case it is the purchasing or surviving corporation.

4805.06. ''Depository corporation'' means a state or federal depository corporation.

4805.07. ''Federal depository corporation'' means a national banking association or a federal savings association.

4805.08. ''Federal savings association'' means a savings association or savings bank organized pursuant to

Section 5 of the Home Owners' Loan Act (12 U.S.C. Sec. 1464).

4805.09. ''Foreign'' or ''foreign (other state)'' means:

(a) When used with respect to a savings association, in the case of a state savings association, a savings association that is organized under the laws of any state of the United States other than this state and, in the case of a federal savings association, a savings association that maintains its head office in any state of the United States other than this state.

(b) When used with respect to an industrial loan company, an industrial loan company that is organized under the laws of any state of the United States other than this state.

(c) When used with respect to an office of a savings association or of an industrial loan company, an office located in any state of the United States other than this state.

(d) When used with respect to any corporation other than a depository corporation, a corporation organized under the laws of any state of the United States other than this state.

4805.10. ''Industrial loan company'' means a corporation of the type described in Section 18003 organized under the laws of this state or a corporation of similar type organized under the laws of any state of the United States other than this state.

4805.11. ''Insured,'' when used with respect to a depository corporation, means a depository corporation the deposits of which are insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

4805.12. ''Law of the domicile'' means:

(a) When used with respect to a federal depository corporation, the law of the United States.

(b) When used with respect to a state depository corporation, the law of the state of the United States under which the depository corporation is organized.

(c) When used with respect to a foreign (other nation) bank, the law of the foreign nation under which the bank is organized.

4805.13. ‘‘Merger,’’ when used with respect to a merger in a case where the surviving corporation is a federal depository corporation and federal law authorizes a consolidation, includes a consolidation in which the resulting corporation is a federal depository corporation. The provisions of this division that apply to mergers apply with appropriate changes in points of detail to consolidations of that type.

4805.14. ‘‘Savings association’’ includes a savings association, a savings and loan association, and a savings bank. However, ‘‘savings association’’ does not include any savings bank of the type defined in Section 3(g) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(g)).

4805.15. ‘‘Share’’ means:

(a) When used with respect to a California state savings association that is authorized to issue guarantee stock, a share of guarantee stock.

(b) When used with respect to a federal savings association that is authorized to issue capital stock, a share of capital stock.

4805.16. ‘‘Shareholder’’ means:

(a) When used with respect to a California state savings association that is authorized to issue guarantee stock, a holder of record of a share of guarantee stock.

(b) When used with respect to a federal savings association that is authorized to issue capital stock, a holder of record of a share of capital stock.

4805.17. ‘‘State depository corporation’’ means a state bank, a state savings association, or an industrial loan company.

4805.18. ‘‘Uninsured,’’ when used with respect to a deposit, means a deposit or any part of a deposit that is not insured by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

SEC. 98. Section 4820 of the Financial Code is amended to read:

4820. For purposes of this division, a national banking association or federal savings association is deemed to be a corporation.

SEC. 99. Section 4820.5 is added to the Financial Code, to read:

4820.5. For purposes of this division, depository corporations are divided into the following classes:

(a) Banks.

(b) Savings associations.

(c) Industrial loan companies.

SEC. 100. Section 4821.5 is added to the Financial Code, to read:

4821.5. Any certificate of authority, license, or other authorization issued under subdivision (b) of Section 4858, subdivision (b) of Section 4877.13, subdivision (b) of Section 4888, subdivision (b) of Section 4928, or Section 4948 or 4949 is deemed to have been issued under the provisions of Division 1 (commencing with Section 99), Division 2 (commencing with Section 5000), or Division 7 (commencing with Section 18000) that would otherwise apply to the issuance of the certificate of authority, license, or other authorization.

SEC. 101. Section 4822 of the Financial Code is amended to read:

4822. (a) References in this division to the voting of the shares of a California state depository corporation shall be construed in accordance with Section 111 of the Corporations Code.

(b) If the articles of a California state depository corporation provide for more or less than one vote for any share on any matter that is subject to this division, the references in Sections 123 and 124 (which are made applicable to this division by Section 4805) to a majority or other proportion of shares mean, as to the matter, a majority or other proportion of the votes entitled to be cast.

(c) Whenever shares of a California state depository corporation are disqualified under any applicable law from voting on any matter that is subject to this division, the shares shall not be considered outstanding for the

determination of a quorum at any meeting to act upon, or the required vote to approve action upon, the matter.

SEC. 102. Section 4823 of the Financial Code is amended to read:

4823. References in this division to shareholders' equity mean shareholders' equity determined in accordance with generally accepted accounting principles, subject (a) in the case of California state banks, to the provisions of Section 118, (b) in the case of California state savings associations, to the provisions of Division 2 (commencing with Section 5000), and (c) in the case of California industrial loan companies, to the provisions of Division 7 (commencing with Section 18000).

SEC. 103. Section 4824 of the Financial Code is amended to read:

4824. In determining for purposes of this division whether the shareholders' equity of a California state depository corporation will be adequate:

(a) In case the corporation is, or is to convert into, a California state bank, the superintendent shall consider the factors specified in Section 660.

(b) In case the corporation is, or is to convert into, a California state savings association, the Savings and Loan Commissioner shall consider factors equivalent to those specified in Section 660.

(c) In case the corporation is, or is to convert into, a California industrial loan company, the Commissioner of Corporations shall consider factors equivalent to those specified in Section 660.

SEC. 104. Section 4825 of the Financial Code is repealed.

SEC. 105. Section 4825 is added to the Financial Code, to read:

4825. Notwithstanding any other provision of law:

(a) No California state bank shall merge or convert into a depository corporation that is a mutual organization.

(b) No depository corporation that is a mutual organization shall merge or convert into a California state bank.

(c) No California state depository corporation of any class shall merge or convert into a depository corporation of another class that is a mutual organization.

(d) No depository corporation of any class that is a mutual organization shall merge or convert into a California state depository corporation of another class.

SEC. 106. Section 4826 of the Financial Code is amended to read:

4826. Notwithstanding any other provision of law, no savings association or industrial loan company may convert into a bank if the ownership of the savings association or industrial loan company is such that the establishment or acquisition of control of a new state bank or national banking association by the same ownership would not be permitted by Section 3(d) of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842 (d)).

SEC. 107. Section 4826.5 is added to the Financial Code, to read:

4826.5. Notwithstanding any other provision of this division:

(a) (1) The provisions of Chapter 22 (commencing with Section 3800) of Division 1 apply to any transaction which is subject to this division. Whenever any provision of Chapter 22 (commencing with Section 3800) of Division 1 or of any regulation or order issued under Chapter 22 (commencing with Section 3800) of Division 1 is inconsistent with any provision of this division or of any regulation or order issued under this division, the provision of Chapter 22 (commencing with Section 3800) of Division 1 or of the regulation or order issued under Chapter 22 (commencing with Section 3800) of Division 1 applies, and the provision or this division or of the regulation or order issued under this division does not apply.

(2) The provisions of Chapter 10 (commencing with Section 18660) of Division 7 apply to any transaction which is subject to this division. Whenever any provision

of Chapter 10 (commencing with Section 18660) of Division 7 or of any regulation or order issued under Chapter 10 (commencing with Section 18660) of Division 7 is inconsistent with any provision of this division or of any regulation or order issued under this division, the provision of Chapter 10 (commencing with Section 18660) of Division 7 or of the regulation or order issued under Chapter 10 (commencing with Section 18660) of Division 7 applies, and the provision of this division or of the regulation or order issued under this division does not apply.

(b) Nothing in this division authorizes any sale or merger in a case where the purchasing or surviving depository corporation is a foreign depository corporation if the sale or merger is prohibited by Chapter 22 (commencing with Section 3800) of Division 1 or by Chapter 10 (commencing with Section 18660) of Division 7.

(c) Nothing in this division constitutes an election by this state under federal law to prohibit or permit interstate sales or mergers between banks or industrial loan companies.

SEC. 108. Section 4827 of the Financial Code is amended to read:

4827. Except as expressly provided otherwise in this division:

(a) No sale, merger, or conversion that may be effected pursuant to the provisions of this division with the approval of the superintendent is prohibited or restricted by any provision of Division 2 (commencing with Section 5000) or of Division 7 (commencing with Section 18000) or requires any approval, consent, or other authorization of the Savings and Loan Commissioner or of the Commissioner of Corporations.

(b) No sale, merger, or conversion that may be effected pursuant to the provisions of this division with the approval of the Savings and Loan Commissioner is prohibited or restricted by any provision of Division 1 (commencing with Section 99) or of Division 7 (commencing with Section 18000) or requires any

approval, consent, or other authorization of the superintendent or of the Commissioner of Corporations.

(c) No sale, merger, or conversion that may be effected pursuant to the provisions of this division with the approval of the Commissioner of Corporations is prohibited or restricted by any provision of Division 1 (commencing with Section 99) or of Division 2 (commencing with Section 5000) or requires any approval, consent, or other authorization of the superintendent or of the Savings and Loan Commissioner.

SEC. 109. Section 4827.3 is added to the Financial Code, to read:

4827.3. Except as otherwise provided in paragraph (2) of subdivision (a) of Section 4827.7 in the case of a California state-licensed foreign (other nation) bank or in federal law in the case of a federally licensed foreign (other nation) bank, nothing in this division except subdivision (c) of Section 4877.02 authorizes any sale or merger in a case where the purchasing or surviving corporation is a foreign (other nation) bank unless the foreign (other nation) bank is at the effective time of the sale or merger licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 or authorized under federal law to transact in this state the business to be acquired in the sale or merger.

SEC. 110. Section 4827.7 is added to the Financial Code, to read:

4827.7. (a) (1) Except as otherwise provided in paragraph (2):

(A) No California state depository corporation may, as the selling or disappearing depository corporation, make a sale or merger pursuant to this division in which it would transfer to a California state-licensed or federally licensed foreign (other nation) bank any deposit or fiduciary account that the foreign bank is not authorized to accept.

(B) No California state-licensed foreign (other nation) bank may, as the purchasing or surviving depository corporation, make a sale or merger pursuant

to this division in which it would acquire any deposit or fiduciary account that it is not authorized to accept.

(2) Notwithstanding paragraph (1) and Section 1755, a California state depository corporation may, as the selling or disappearing depository corporation, make a sale or merger pursuant to this division in which it transfers to a California state-licensed or federally licensed foreign (other nation) bank deposits or fiduciary accounts that the foreign bank is not authorized to accept, and a California state-licensed foreign (other nation) bank may, as the purchasing or surviving depository corporation, make a sale or merger pursuant to this division in which it acquires deposits or fiduciary accounts that it is not authorized to accept, if, concurrently with the effective time of the sale or merger, the foreign bank, pursuant to Article 4 (commencing with Section 4877.01) of Chapter 3 or other applicable law, sells all those deposits and fiduciary accounts to a depository corporation that is authorized to accept them.

(b) (1) Except as otherwise provided in paragraph (2):

(A) No California state bank or industrial loan company may, as the selling, disappearing, or converting depository corporation, make a sale, merger, or conversion pursuant to this division in which it would transfer to a savings association any deposit or fiduciary account that the savings association is not authorized to accept.

(B) No California state savings association may, as the purchasing, surviving, or resulting depository corporation, make a sale, merger, or conversion pursuant to this division in which it would acquire any deposit or fiduciary account that it is not authorized to accept.

(2) Notwithstanding paragraph (1) and Division 2 (commencing with Section 5000), a California state bank or industrial loan company may, as the selling, disappearing, or converting depository corporation, make a sale, merger, or conversion pursuant to this division in which it transfers to a savings association deposits or fiduciary accounts that the savings association

is not authorized to accept, and a California state savings association may, as the purchasing, surviving, or resulting depository corporation, make a sale, merger, or conversion pursuant to this division in which it acquires deposits or fiduciary accounts that it is not authorized to accept, if, concurrently with the effective time of the sale, merger, or conversion, the savings association, pursuant to Article 4 (commencing with Section 4877.01) of Chapter 3 or other applicable law, sells all those deposits and fiduciary accounts to a depository corporation that is authorized to accept them.

(c) (1) Except as otherwise provided in paragraph (2):

(A) No California state bank or savings association may, as the selling, disappearing, or converting depository corporation, make a sale, merger, or conversion pursuant to this division in which it would transfer to an industrial loan company any deposit or fiduciary account that the industrial loan company is not authorized to accept.

(B) No California industrial loan company may, as the purchasing, surviving, or resulting depository corporation, make a sale, merger, or conversion pursuant to this division in which it would acquire any deposit or fiduciary account that it is not authorized to accept.

(2) Notwithstanding paragraph (1) and Division 7 (commencing with Section 18000), a California state bank or savings and loan association may, as the selling, disappearing, or converting depository corporation, make a sale, merger, or conversion pursuant to this division in which it transfers to an industrial loan company deposits or fiduciary accounts that the industrial loan company is not authorized to accept, and a California industrial loan company may, as the purchasing, surviving, or resulting depository corporation, make a sale, merger, or conversion pursuant to this division in which it acquires deposits or fiduciary accounts that it is not authorized to accept, if, concurrently with the effective time of the sale, merger, or conversion, the industrial loan company, pursuant to

Article 4 (commencing with Section 4877.01) of Chapter 3 or other applicable law, sells all those deposit accounts and fiduciary accounts to a depository corporation that is authorized to accept them.

SEC. 111. Section 4828 of the Financial Code is amended to read:

4828. Subject to the provisions of Sections 4827.3 and 4827.7 but notwithstanding any other provision of law:

(a) (1) If, as a result of any sale, merger, or conversion effected pursuant to the provisions of this division, a California state bank acquires any asset or liability, or becomes engaged in any activity, which was permitted to the selling, disappearing, or converting depository corporation but which is prohibited to California state banks, the superintendent may permit the California state bank a reasonable period of time, not to exceed 12 months, within which to divest itself of the asset, liability, or activity or to conform it to law. On a case-by-case basis, the superintendent may permit the California state bank a reasonable period of time in excess of 12 months if the superintendent finds that the bank cannot reasonably accomplish the divestment or conformity within the 12-month period.

(2) If, as a result of any sale or merger effected pursuant to the provisions of this division, a California state-licensed foreign (other nation) bank acquires any asset or liability, or becomes engaged in any activity, which was permitted to the selling or disappearing depository corporation but which is prohibited to California state-licensed foreign (other nation) banks, the superintendent may permit the California state-licensed foreign (other nation) bank a reasonable period of time, not to exceed 12 months, within which to divest itself of the asset, liability, or activity or to conform it to law. On a case-by-case basis, the superintendent may permit the California state-licensed foreign (other nation) bank a reasonable period of time in excess of 12 months if the superintendent finds that the bank cannot reasonably accomplish the divestment or conformity within the 12-month period.

(b) If, as a result of a sale, merger, or conversion effected pursuant to the provisions of this division, a California state savings association acquires any asset or liability, or becomes engaged in any activity, which was permitted to the selling, disappearing, or converting depository corporation but which is prohibited to California state savings associations, the Savings and Loan Commissioner may permit the California state savings association a reasonable period of time, not to exceed 12 months, within which to divest itself of the asset, liability, or activity or to conform it to law. On a case-by-case basis, the Savings and Loan Commissioner may permit the state savings association a reasonable period of time in excess of 12 months if the Savings and Loan Commissioner finds that the savings association cannot reasonably accomplish the divestment or conformity within the 12-month period.

(c) If, as a result of a sale, merger, or conversion effected pursuant to the provisions of this division, a California industrial loan company acquires any asset or liability, or becomes engaged in any activity, which was permitted to the selling, disappearing, or converting depository corporation but which is prohibited to California industrial loan companies, the Commissioner of Corporations may permit the California industrial loan company a reasonable period of time, not to exceed 12 months, within which to divest itself of the asset, liability, or activity or to conform it to law. On a case-by-case basis, the Commissioner of Corporations may permit the California industrial loan company a reasonable period of time in excess of 12 months if the Commissioner of Corporations finds that the industrial loan company cannot reasonably accomplish the divestment or conformity within the 12-month period.

SEC. 112. Section 4828.3 is added to the Financial Code, to read:

4828.3. A California state bank may, with the approval of the superintendent and its board and, if the transaction constitutes a reorganization as defined in Section 181 of the Corporations Code, subject to the provisions of

Chapter 12 (commencing with Section 1200) of Division 1 of Title 1 of the Corporations Code, acquire in a single transaction all (except directors' qualifying shares, if any) of the outstanding shares of another bank in accordance with a plan that provides either of the following:

(a) That the other bank shall (1) immediately sell its whole business unit (as defined in Section 4840) to the California state bank and (2) shall thereafter wind up and dissolve or, if the other bank is a California state bank and if the superintendent so approves, change into a nonbank corporation by amending its articles and changing its name.

(b) That the other bank shall immediately merge into the California state bank.

SEC. 113. Section 4828.7 is added to the Financial Code, to read:

4828.7. (a) The definitions in Section 4840 apply to this section.

(b) In case a California state-licensed foreign (other nation) bank sells all or substantially all of its business in this state to another California state-licensed or federally licensed foreign (other nation) bank as part of the sale of a larger partial business unit or the whole business unit of the seller:

(1) No provision of Chapter 3 (commencing with Section 4840) applies except as follows:

(A) If the sale is of a partial business unit of the seller, Section 4877.14 applies with respect to the part of the seller's business in this state that is sold as if the sale were a sale of the type defined in Section 4877.01.

(B) If the sale is of the whole business unit of the seller, Section 4859 applies with respect to the seller's business in this state as if the sale were a sale of the type defined in Section 4845.

(2) Promptly after the sale becomes effective, the seller shall:

(A) Surrender to the superintendent for cancellation the licenses issued to it by the superintendent for its business in this state.

(B) File with the superintendent any report regarding the sale that the superintendent may require.

(c) In case a California state-licensed foreign (other nation) bank merges into another California state-licensed or federally licensed foreign (other nation) bank:

(1) No provision of Chapter 4 (commencing with Section 4880) applies except that the merger has the same effect with respect to the disappearing bank's business in this state as provided in Section 1107 of the Corporations Code and Section 4889 in the case of a merger of the type defined in Section 4880.

(2) Promptly after the merger becomes effective, the surviving bank shall:

(A) Surrender to the superintendent for cancellation the licenses issued to the disappearing bank by the superintendent for its business in this state.

(B) File with the superintendent any report regarding the merger that the superintendent may require.

SEC. 114. Section 4830 is added to Chapter 2 of Division 1.5 of the Financial Code, to read:

4830. Every final order, decision, license, or other official act of an appropriate regulator under this division is subject to judicial review in accordance with law.

SEC. 115. Section 4831 is added to Chapter 2 of Division 1.5 of the Financial Code, to read:

4831. (a) Each appropriate regulator may from time to time issue regulations and orders as may in his or her opinion be necessary to carry out the provisions and purposes of this division.

(b) Regulations and orders issued under this division may, among other things, define any term used in this division as well as any term not used in this division.

(c) For purposes of regulations and orders issued under this division, each appropriate regulator may classify persons, transactions, and other matters within his or her jurisdiction and may prescribe different regulations or orders for different classes.

(d) Each appropriate regulator may waive any provision of any regulation or order which he or she has

issued under this division in any case where in his or her opinion the provision is not necessary in the public interest.

SEC. 116. Section 4832 is added to Chapter 2 of Division 1.5 of the Financial Code, to read:

4832. Whenever an appropriate regulator issues an order or license under this division, he or she may impose conditions as may in his or her opinion be necessary to carry out the provisions and purposes of this division.

SEC. 117. Section 4833 is added to Chapter 2 of Division 1.5 of the Financial Code, to read:

4833. In any proceeding under this division:

(a) The burden of proving that an application should be approved is upon the applicant.

(b) The burden of proving an exemption or an exception is upon the person claiming the exemption or the exception.

SEC. 118. Section 4834 is added to Chapter 2 of Division 1.5 of the Financial Code, to read:

4834. Each appropriate regulator may honor applications from interested persons for interpretive opinions regarding any provision of this division within his or her jurisdiction or of any regulation or order which he or she has issued under this division.

SEC. 119. Section 4835 of the Financial Code is amended to read:

4835. Each application and report filed with the appropriate regulator under this division or under any regulation or order issued under this division shall be in the form, shall contain the information, shall be signed in the manner, and shall, if the appropriate regulator requires, be verified in the manner that the appropriate regulator may require.

SEC. 120. Section 4836 of the Financial Code is amended and renumbered to read:

4839. Fees shall be paid to, and collected by, each appropriate regulator, as the case may be, as follows:

(a) The fee for filing an application for approval of a sale under Section 4854 or 4877.09 shall be two thousand five hundred dollars ($2,500).

(b) The fee for filing an application for approval of a merger under Section 4884 shall be two thousand five hundred dollars ($2,500).

(c) (1) The fee for filing an application for approval of a conversion under Section 4924 or 4944 shall be five thousand dollars ($5,000).

(2) The fee for issuing a certificate of authority or license under Section 4928(a) or 4948(a) shall be two thousand five hundred dollars ($2,500).

(d) The fee for issuing a certificate of authority or license for an office under subdivision (b) of Section 4858, subdivision (b) of Section 4877.13, subdivision (b) of Section 4888, or subdivision (b) of Section 4928 or Section 4949 shall be twenty-five dollars ($25).

(e) The fee for issuing a certificate under Section 4862, 4877.17, 4891, 4930, or 4952 shall be twenty-five dollars ($25).

(f) In case an appropriate regulator makes an examination in connection with a pending application, as described in paragraph (1), (2), (3), or (4), the applicant shall pay a fee for the examination in the sum of two hundred dollars ($200) per day for each examiner engaged in the examination plus, if in the opinion of the appropriate regulator it is necessary for any examiner engaged in the examination to travel outside this state, the travel expenses of the examiner.

(1) Examination of the selling depository corporation in connection with a pending application for approval of a sale of a whole business unit (as defined in Section 4840) under Article 2 (commencing with Section 4845) of Chapter 3 of this division.

(2) Examination of the partial business unit (as defined in Section 4840) to be sold and any related affairs of the selling depository corporation in connection with a pending application for approval of a sale of a partial business unit (as defined in Section 4840) under Article 2 (commencing with Section 4845) of Chapter 3 of this division.

(3) Examination of the disappearing depository corporation in connection with a pending application for

approval of a merger under Article 1 (commencing with Section 4880) or Article 2 commencing with Section 4895.01) of Chapter 4 of this division.

(4) Examination of the converting depository corporation in connection with a pending application for approval of a conversion under Article 1 (commencing with Section 4920) or Article 2 (commencing with Section 4940) of Chapter 5 of this division.

SEC. 121. Section 4836 is added to the Financial Code, to read:

4836. No person shall make any untrue statement of any material fact in any application or report filed with an appropriate regulator under this division or under any regulation or order issued under this division, or willfully omit to state in any application or report filed with an appropriate regulator under this division or under any regulation or order issued under this division any material fact which is required to be stated therein.

SEC. 122. Section 4837 is added to the Financial Code, to read:

4837. In determining whether to approve any application filed under this division or under any regulation or order issued under this division, an appropriate regulator may consider proposals made by the applicant; and, if in the opinion of the appropriate regulator it is probable that the applicant will be able to implement any such proposal, the appropriate regulator may make findings on the basis of the proposal. However, whenever the appropriate regulator approves an application on the basis, in whole or in part, of a proposal made by the applicant, the appropriate regulator shall impose upon the approval appropriate conditions requiring that the applicant implement the proposal within the period of time that the appropriate regulator may specify.

SEC. 123. Section 4838 is added to the Financial Code, to read:

4838. If an appropriate regulator finds, with respect to any application filed under this division or under any regulation or order issued under this division, that not all

the information which was required to be provided in or in connection with the application has been provided or that implementation of any proposal contained in the application would violate any applicable law, the appropriate regulator may deny the application.

SEC. 124. Section 4840 of the Financial Code is amended to read:

4840. In this chapter, unless the context otherwise requires:

(a) ‘‘Branch business unit’’ means all or substantially all of the business of a branch office of a depository corporation.

(b) ‘‘Business unit’’ means a branch business unit, a partial business unit, or a whole business unit.

(c) ‘‘Fiduciary asset,’’ when used with respect to a depository corporation that transacts trust business, means any asset that the depository corporation holds in its capacity as fiduciary.

(d) ‘‘Partial business unit’’ means any deposit, any fiduciary account, or all or substantially all of any of the following:

(1) The business of any office, other than the head office, of a depository corporation.

(2) In the case of a depository corporation that transacts trust business:

(A) The trust business of the depository corporation, unless the depository corporation transacts only trust business.

(B) The trust business of any office of the depository corporation.

(C) The business, other than trust business, of the depository corporation.

(D) The business, other than trust business, of any office of the depository corporation.

(e) ‘‘Purchaser’’ means a depository corporation that purchases a business unit from another depository corporation pursuant to the provisions of this chapter.

(f) ‘‘Seller’’ means a depository corporation that sells a business unit to another depository corporation pursuant to the provisions of this chapter.

(g) ‘‘Whole business unit’’ means all or substantially all of the business of a depository corporation.

SEC. 125. Section 4842 of the Financial Code is repealed.

SEC. 126. Section 4842 is added to the Financial Code, to read:

4842. If a trust is transferred under this chapter, the transfer shall be good cause for removal of the trustee under the Trust Law (Division 9 (commencing with Section 15000) of the Probate Code).

SEC. 127. Section 4843 is added to the Financial Code, to read:

4843. In case a national banking association or federal savings association that is authorized to transact trust business in this state sells a partial business unit located in this state of the type described in paragraph (1) or subparagraphs (A) or (B) of paragraph (2) of subdivision (d) of Section 4840 to a national banking association or federal savings association pursuant to federal law, the sale shall:

(a) Have the same effect as provided in subdivision (e) of Section 4877.14 in the case of a sale of the type defined in Section 4877.01.

(b) Be subject to the provisions of Section 4842.

SEC. 128. The heading of Article 2 (commencing with Section 4845) of Chapter 3 of Division 1.5 of the Financial Code is amended to read:

Article 2. Sale of Whole Business Unit to California State Depository Corporation or California State-Licensed Foreign (Other Nation) Bank

SEC. 129. Section 4845 of the Financial Code is amended to read:

4845. In this article, unless the context otherwise requires:

(a) ‘‘Appropriate regulator’’ means:

(1) In the case of a sale where the purchaser is a California state bank or a California state-licensed foreign (other nation) bank, the superintendent.

(2) In the case of a sale where the purchaser is a California state savings association, the Savings and Loan Commissioner.

(3) In the case of a sale where the purchaser is a California industrial loan company, the Commissioner of Corporations.

(b) ‘‘Sale’’ means any of the sales described in Section 4846.

SEC. 130. Section 4846 of the Financial Code is repealed.

SEC. 131. Section 4846 is added to the Financial Code, to read:

4846. (a) With the approval of the superintendent, a bank may sell its whole business unit to a California state bank or a California state-licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the seller is a national banking association or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the seller or purchaser is a foreign bank, the law of the foreign bank’s domicile.

(b) With the approval of the Commissioner of Corporations, an industrial loan company may sell its whole business unit to a California industrial loan company pursuant to (1) this article and (2) in case the seller is a foreign (other state) industrial loan company, the law of the foreign industrial loan company’s domicile.

(c) With the approval of the appropriate regulator, a depository corporation of any class may sell its whole business unit to a California state depository corporation of another class or a California state-licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the seller is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, (3) in case the seller is a foreign depository corporation, the law of the foreign depository corporation’s domicile, and (4) in case the purchaser is a California state-licensed foreign (other nation) bank, the law of the foreign bank’s domicile.

SEC. 132. Section 4847 of the Financial Code is amended to read:

4847. A seller and purchaser shall make an agreement of sale, providing:

(a) That the seller shall sell to the purchaser, and the purchaser shall purchase from the seller, the seller's whole business unit.

(b) That the purchaser will assume and be subject to all the debts and liabilities of the seller in the same manner as if the purchaser had itself incurred them.

(c) Other provisions as may be appropriate.

SEC. 133. Section 4848 of the Financial Code is amended to read:

4848. The agreement of sale shall be approved by the seller and purchaser, as follows:

(a) In the case of a California state depository corporation:

(1) If the sale constitutes a reorganization, as defined in Section 181 of the Corporations Code, the agreement of sale shall be approved as required by Chapter 12 (commencing with Section 1200) of Division 1 of Title 1 of the Corporations Code.

(2) If the sale does not constitute a reorganization, as defined in Section 181 of the Corporations Code, and if the California state depository corporation is the seller, the agreement of sale shall be approved by the board of the seller, and the principal terms of the agreement of sale shall be approved by the outstanding shares of the seller.

(3) If the sale does not constitute a reorganization, as defined in Section 181 of the Corporations Code, and if the California state depository corporation is the purchaser:

(A) If, as of the time when the agreement of sale is made, the deposits, if any, of the business unit are less than 10 percent of the total deposits of the purchaser and the fiduciary assets, if any, of the business unit are less than 10 percent of the total fiduciary assets of the purchaser, the agreement of sale shall be approved by the board of the purchaser.

(B) Otherwise, the agreement of sale shall be approved by the board of the purchaser, and the principal

terms of the agreement of sale shall be approved by the outstanding shares of the purchaser.

(4) For purposes of paragraph (3):

(A) The amount of deposits shall be determined as of the end of the calendar quarter immediately preceding the making of the agreement of sale.

(B) The value of fiduciary assets shall be the net carrying value, as determined in conformity with generally accepted accounting principles, as of the end of the calendar quarter immediately preceding the making of the agreement of sale.

(b) In the case of a depository corporation other than a California state depository corporation, the agreement of sale shall be approved as required by the law of the depository corporation's domicile.

SEC. 134. Section 4849 of the Financial Code is amended to read:

4849. (a) Any amendment to an agreement of sale shall be approved by the seller and purchaser, as follows:

(1) In the case of a California state depository corporation, by the board of the corporation, and, if the principal terms of the agreement of sale were required to be approved by the outstanding shares of the corporation under Section 4848 and if the amendment changes any of the principal terms of the agreement of sale, by the outstanding shares of the corporation.

(2) In the case of a depository corporation other than a California state depository corporations, as required by the law of the depository corporation's domicile.

(b) If an agreement of sale is amended and if the amendment is approved as required by subdivision (a), the agreement of sale, as thus amended, constitutes the agreement of sale.

SEC. 135. Section 4850 of the Financial Code is amended to read:

4850. In the case of a seller or purchaser which is a California state depository corporation, any approval of the outstanding shares of the corporation required by Section 4848 or 4849 may be given before or after the approval of the board of the corporation.

SEC. 136. Section 4851 of the Financial Code is amended to read:

4851. In obtaining any approval of outstanding shares required for an agreement of sale, in case the purchaser is a California state depository corporation, the purchaser, and, in case the seller is a California state depository corporation or in case the purchaser is a California state depository corporation that is to issue securities in consideration of the sale, the seller, shall each provide to its shareholders information as the appropriate regulator may require. In determining the information to be required, the appropriate regulator shall give due consideration to regulations relating to proxy statements issued under Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78n) by (a) the Securities and Exchange Commission, (b) in the case of a depository corporation that is a bank, the federal bank regulatory agencies, and (c) in the case of a depository corporation that is a savings and loan association, the Office of Thrift Supervision.

SEC. 137. Section 4852 of the Financial Code is amended to read:

4852. A purchaser or seller that is a California state depository corporation, with the approval of its board and without further approval of the outstanding shares, may, and any other purchaser or seller, with approval as may be required under the law of its domicile, may, abandon the sale at any time before the sale becomes effective, subject to the contractual rights, if any, of other parties, including the seller or purchaser, as the case may be.

SEC. 138. Section 4853 of the Financial Code is amended to read:

4853. In case a purchaser is a California state depository corporation, the provisions of Chapter 13 (commencing with Section 1300) of Division 1 of Title 1 of the Corporations Code do not apply to the shareholders of the purchaser in a sale.

SEC. 139. Section 4855 of the Financial Code is amended to read:

4855. If the appropriate regulator finds all of the following with respect to an application for approval of a sale, the appropriate regulator shall approve the application:

(a) That the sale will not result in a monopoly and will not be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the banking, savings association, or industrial loan business in any part of this state.

(b) That the sale will not have the effect in any section of this state of substantially lessening competition, tending to create a monopoly, or otherwise being in restraint of trade, or that the anticompetitive effect is clearly outweighed in the public interest by the probable effect of the sale in meeting the convenience and needs of the community to be served.

(c) That the shareholders' equity of the purchaser will be adequate and that the financial condition of the purchaser will be satisfactory.

(d) That the directors and executive officers of the purchaser will be satisfactory.

(e) That the purchaser will afford reasonable promise of successful operation and that it is reasonable to believe that the purchaser will be operated in a safe and sound manner and in compliance with all applicable laws.

(f) That the sale will be fair, just, and equitable. For purposes of this subdivision, in the case of any term of the sale that has been determined by agreement between the seller and the purchaser in an arm's length transaction, the appropriate regulator shall find that the term is fair, just, and equitable to the seller and the purchaser.

(g) In the case of a sale where the seller is a California savings association, that the sale will not have a seriously adverse effect on the total availability of financing for housing in the market area of the seller in this state or that any effect of that type is clearly outweighed in the public interest by the probable effect of the sale in meeting the convenience and needs of the community to be served. Nothing in this subdivision authorizes the appropriate

regulator to require the purchaser to make financing for housing available.

If the appropriate regulator finds otherwise, the appropriate regulator shall deny the application for approval of the sale.

SEC. 140. Section 4856 of the Financial Code is amended to read:

4856. (a) Before a sale becomes effective, the seller or purchaser shall give to the depositors of the seller notice of the sale as the appropriate regulator may require.

(b) A depositor of the seller may, subject to the provisions of any applicable federal statute or regulation and to any premature withdrawal penalty prescribed in the deposit contract, withdraw any uninsured deposit on demand at any time during the period commencing with the giving of the notice called for in subdivision (a) and ending on the 60th day after the date on which the sale becomes effective.

SEC. 141. Section 4858 of the Financial Code is amended to read:

4858. When a sale becomes effective:

(a) Unless the purchaser provided otherwise in the application for approval of the sale or unless the appropriate regulator provided otherwise in the approval of the application:

(1) The purchaser may establish and maintain a branch office at the head office of the seller and establish and maintain equivalent offices at the branch offices, places of business, extensions of offices, and other facilities, if any, of the seller.

(2) If the seller was authorized to transact and was transacting trust business, the purchaser, if it is a California state bank or savings association, may transact trust business.

(b) The appropriate regulator shall issue to the purchaser certificates of authority, licenses, and other authorizations as may be necessary to carry out the provisions of subdivision (a).

SEC. 142. Section 4859 of the Financial Code is amended to read:

4859. When a sale becomes effective:

(a) The purchaser shall succeed, without other transfer, to all the rights and property of the seller except any rights and property of the seller which are specifically not sold to the purchasing corporation under the agreement of sale.

(b) The purchaser shall assume and be subject to all the debts and liabilities of the seller in the same manner as if the purchaser had itself incurred them.

(c) All rights of creditors of the seller and all liens upon the property of the seller shall be preserved unimpaired, provided that such liens upon the property of the seller shall be limited to the property affected thereby immediately prior to the time when the sale becomes effective.

(d) Any action or proceeding pending by or against the seller may be prosecuted to judgment, which shall bind the purchaser, or the purchaser may be proceeded against or substituted in place of the seller.

(e) Any reference to the seller in any writing, whether executed or taking effect before or after the sale, shall be deemed a reference to the purchaser, if not inconsistent with the other provisions of the writing.

(f) In case the seller was transacting trust business, the purchaser shall succeed, without further transfer, to the rights, obligations, properties, assets, investments, deposits, demands, agreements, and trusts of the seller under all trusts, executorships, administrations, guardianships, agencies, and all other fiduciary or representative capacities to the same extent as if the purchaser had originally assumed the fiduciary or representative capacities, and the purchaser shall be entitled to take and execute the appointment to all executorships, trusteeships, guardianships, and other fiduciary or representative capacities to which the seller is or may be named in wills, whenever probated, or to which the seller is or may be named or appointed by any other instrument.

SEC. 143. Section 4861 of the Financial Code is amended to read:

4861. Promptly after a sale becomes effective:

(a) The seller shall:

(1) Surrender to its regulator for cancellation the certificates of authority or licenses issued to it by the regulator.

(2) File with its regulator any report regarding the sale that the regulator may require.

(b) In case the seller is a California state depository corporation, the seller shall wind up and dissolve. However, if the seller is a California state bank, the seller may, in the alternative and with the approval of the superintendent, change into a nonbank corporation by amending its articles and changing its name.

SEC. 144. Section 4862 of the Financial Code is amended to read:

4862. (a) After a sale becomes effective, the appropriate regulator shall issue, upon application, a certificate under his or her official seal, stating that the seller sold its whole business unit to the purchaser and specifying the time at which the sale became effective.

(b) Any certificate pursuant to subdivision (a) shall be prima facie evidence of the fact of the sale and of the regularity of the proceedings taken for the sale and shall be conclusive evidence of the matters in favor of any innocent purchaser or encumbrancer for value.

SEC. 145. The heading of Article 3 (commencing with Section 4870) of Chapter 3 of Division 1.5 of the Financial Code is amended to read:

Article 3. Sale of Whole Business Unit to Federal Depository Corporation, California Federally Licensed Foreign (Other Nation) Bank, or Insured Foreign (Other State) Depository Corporation

SEC. 146. Section 4870 of the Financial Code is amended to read:

4870. In this article, unless the context otherwise requires, ‘‘sale’’ means any of the sales described in Section 4871.

SEC. 147. Section 4871 of the Financial Code is repealed.

SEC. 148. Section 4871 is added to the Financial Code, to read:

4871. (a) A California state bank may sell its whole business unit to a national banking association, a California federally licensed foreign (other nation) bank, or an insured foreign (other state) state bank pursuant to (1) this article, (2) in case the purchaser is a national banking association or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the purchaser is a California federally licensed foreign (other nation) bank or an insured foreign (other state) state bank, the law of the foreign bank’s domicile.

(b) A California industrial loan company may sell its whole business unit to an insured foreign (other state) industrial loan company pursuant to (1) this article and (2) the law of the foreign industrial loan company’s domicile.

(c) A California state depository corporation of any class may sell its whole business unit to a federal depository corporation of another class, a California federally licensed foreign (other nation) bank, or an insured foreign (other state) state depository corporation of another class pursuant to (1) this article, (2) in case the purchaser is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the purchaser is a California federally licensed foreign (other nation) bank or an insured foreign (other state) state depository corporation, the law of the domicile of the foreign bank or foreign depository corporation.

SEC. 149. Section 4871.5 is added to the Financial Code, to read:

4871.5. (a) No provision of Division 1 (commencing with Section 99) prohibits or restricts a sale in a case where the seller is a California state bank.

(b) No provision of Division 2 (commencing with Section 5000) prohibits or restricts a sale in a case where the seller is a California state savings and loan association.

(c) No provision of Division 7 (commencing with Section 18000) prohibits or restricts a sale in a case where the seller is a California industrial loan company.

SEC. 150. Section 4872 of the Financial Code is amended to read:

4872. A sale is subject to the provisions of Sections 4847 to 4850, inclusive, 4852, and 4856 as if the sale were a sale of the type defined in Section 4845.

SEC. 151. Section 4873 of the Financial Code is amended to read:

4873. A sale shall have the same effect as provided in Sections 4859 and 4860 in the case of a sale of the type defined in Section 4845.

SEC. 152. Section 4874 of the Financial Code is amended to read:

4874. Promptly after a sale becomes effective:

(a) The seller shall:

(1) Surrender to its regulator for cancellation the certificates of authority or licenses issued to it by the regulator.

(2) File with its regulator any report of the sale that the regulator may require.

(b) The seller shall wind up and dissolve. However, if the seller is a California state bank, the seller may, in the alternative and with the approval of the superintendent, change into a nonbank corporation by amending its articles and changing its name.

SEC. 153. Section 4875 of the Financial Code is amended to read:

4875. (a) After a sale becomes effective, the seller or purchaser may issue an officer's certificate stating that the seller sold its whole business unit to the purchaser and specifying the time at which the sale became effective.

(b) Any certificate issued pursuant to subdivision (a) shall be prima facie evidence of the fact of the sale and of the regularity of the proceedings taken for the sale and

shall be conclusive evidence of the matters in favor of any innocent purchaser or encumbrancer for value.

SEC. 154. Article 4 (commencing with Section 4877.01) is added to Chapter 3 of Division 1.5 of the Financial Code, to read:

Article 4. Certain Sales of Partial Business Units

4877.01. In this article, unless the context otherwise requires:

(a) ''Appropriate regulator'' means:

(1) When used with respect to a California state bank, the superintendent.

(2) When used with respect to a California industrial loan company, the Commissioner of Corporations.

(b) ''Sale'' means any of the sales described in Section 4877.02.

4877.02. A California state bank or a California industrial loan company may sell a California branch business unit to an insured foreign (other state) bank or an insured foreign (other state) industrial loan company pursuant to (1) this article and (2) the law of the domicile of the insured foreign (other state) bank or the insured foreign (other state) industrial loan company.

4877.03. (a) No provision of Division 1 (commencing with Section 99) prohibits or restricts a sale in a case where the seller is a California state bank.

(b) No provision of Division 7 (commencing with Section 18000) prohibits or restricts a sale in a case where the seller is a California industrial loan company.

4877.04. A sale is subject to the provisions of Sections 4879.03 to 4879.06, inclusive, 4879.08, and 4879.11 as if the sale were a sale of the type defined in Section 4879.01.

4877.05. A sale shall have the same effect as provided in Sections 4879.14 and 4879.15 in the case of a sale of the type defined in Section 4879.01.

4877.06. Promptly after a sale becomes effective, the seller shall:

(a) Surrender to the appropriate regulator for cancellation the certificate of authority or license issued

to it by the appropriate regulator that relates to the California branch business unit sold.

(b) File with the appropriate regulator any report of the sale that the appropriate regulator may require.

4877.07. (a) After a sale becomes effective, the seller or purchaser may issue an officer's certificate stating that the seller sold a California branch business unit to the purchaser, describing the business unit, and specifying the time at which the sale became effective.

(b) Any certificate issued pursuant to subdivision (a) shall be prima facie evidence of the fact of the sale and of the regularity of the proceedings taken for the sale and shall be conclusive evidence of the matters in favor of any innocent purchaser or encumbrancer for value.

SEC. 155. Article 5 (commencing with Section 4879.01) is added to Chapter 3 of Division 1.5 of the Financial Code, to read:

Article 5. Other Sales of Partial Business Units

4879.01. In this article, unless the context otherwise requires:

(a) ''Appropriate regulator'' means:

(1) When used with respect to a California state bank or California state-licensed foreign (other nation) bank, the superintendent.

(2) When used with respect to a California state savings association, the Savings and Loan Commissioner.

(3) When used with respect to a California industrial loan company, the Commissioner of Corporations.

(b) ''Sale'' means any of the sales described in Section 4879.02.

4879.02. (a) With the approval of the superintendent, a bank may sell a partial business unit to a California state bank pursuant to (1) this article, (2) in case the seller is a national banking association or a California federally licensed foreign (other nation) bank, federal law, (3) in case the seller is a foreign bank, the law of the foreign bank's domicile, and (4) in case the partial

business unit is located outside this state, the law of the place where the partial business unit is located.

(b) With the approval of the superintendent, a California state bank may sell a partial business unit to another California state bank, a national banking association, or an insured foreign (other state) state bank, pursuant to (1) this article, (2) in case the purchaser is a national banking association, federal law, (3) in case the purchaser is an insured foreign (other state) state bank, the law of the foreign bank's domicile, and (4) in case the partial business unit is located outside this state, the law of the place where the partial business unit is located. However, this subdivision does not apply to any sale of the type defined in Section 4877.01.

(c) With the approval of the superintendent, a California state bank may sell a partial business unit located outside this state to a foreign (other nation) bank pursuant to (1) this article, (2) the law of the foreign bank's domicile, and (3) the law of the place where the partial business unit is located.

(d) With the approval of the Commissioner of Corporations, an industrial loan company may sell a partial business unit to a California industrial loan company pursuant to (1) this article, (2) in case the seller is a foreign (other state) industrial loan company, the law of the foreign industrial loan company's domicile, and (3) in case the partial business unit is located outside this state, the law of the place where the partial business unit is located.

(e) With the approval of the Commissioner of Corporations, a California industrial loan company may sell a partial business unit to an insured industrial loan company pursuant to (1) this article, (2) in case the purchaser is an insured foreign (other state) industrial loan company, the law of the foreign industrial loan company's domicile, and (3) in case the partial business unit is located outside this state, the law of the place where the partial business unit is located. However, this subdivision does not apply to any sale of the type defined in Section 4877.01.

(f) With the approval of each appropriate regulator, a depository corporation of any class may sell a partial business unit to a California state depository corporation of another class pursuant to (1) this article, (2) in case the seller is a federal depository corporation, federal law, (3) in case the seller is a foreign (other state) state depository corporation or foreign (other nation) depository corporation, the law of the foreign depository corporation's domicile, and (4) in case the partial business unit is located outside this state, the law of the place where the partial business unit is located.

(g) With the approval of the appropriate regulator, a California state depository corporation of any class may sell a partial business unit to a federal depository corporation of another class or an insured foreign (other state) state depository corporation of another class pursuant to (1) this article, (2) in case the purchaser is a federal depository corporation, federal law, (3) in case the purchaser is an insured foreign (other state) state depository corporation, the law of the foreign depository corporation's domicile, and (4) in case the partial business unit is located outside this state, the law of the place where the partial business unit is located. However, this subdivision does not apply to any sale of the type defined in Section 4877.01.

(h) With the approval of each appropriate regulator, a depository corporation may sell a partial business unit located in this state to a California state-licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the seller is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, (3) in case the seller is a foreign depository corporation, the law of the foreign depository corporation's domicile, and (4) the law of the purchaser's domicile.

(i) With the approval of each appropriate regulator, a California state-licensed foreign (other nation) bank may sell a partial business unit located in this state to a California state depository corporation, a federal depository corporation, an insured foreign (other state)

state depository corporation, another California state-licensed foreign (other nation) bank, or a California federally licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the purchaser is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, (3) in case the purchaser is a foreign depository corporation, the law of the foreign depository corporation's domicile, and (4) the law of the seller's domicile.

(j) With the approval of the appropriate regulator, a California state depository corporation may sell a partial business unit located in this state to a California federally licensed foreign (other nation) bank pursuant to (1) this article, (2) federal law, and (3) the law of the purchaser's domicile.

(k) With the approval of the appropriate regulator, a California federally licensed foreign (other nation) bank may sell a partial business unit located in this state to a California state depository corporation pursuant to (1) this article, (2) federal law, and (3) the law of the seller's domicile.

4879.03. A seller and purchaser shall make an agreement of sale, providing:

(a) That the seller shall sell to the purchaser, and the purchaser shall purchase from the seller, a partial business unit, describing it.

(b) Other provisions as may be appropriate.

4879.04. The agreement of sale shall be approved by the seller and purchaser, as follows:

(a) In the case of a California state depository corporation:

(1) If, as of the time when the agreement of sale is made, the deposits, if any, of the partial business unit are less than 10 percent of the total deposits of the state depository corporation and the fiduciary assets, if any, of the partial business unit are less than 10 percent of the total fiduciary assets of the state depository corporation, the agreement of sale shall be approved by the board of the state depository corporation.

(2) Otherwise, the agreement of sale shall be approved by the board of the state depository corporation, and the principal terms of the agreement of sale shall be approved by the outstanding shares of the state depository corporation.

(3) For purposes of paragraphs (1) and (2):

(A) The amount of deposits shall be determined as of the end of the calendar quarter immediately preceding the making of the agreement of sale.

(B) The value of fiduciary assets shall be the net carrying value, as determined in conformity with generally accepted accounting principles, as of the end of the calendar quarter immediately preceding the making of the agreement of sale.

(b) In the case of a depository corporation other than a California state depository corporation, the agreement of sale shall be approved as required by the law of the depository corporation's domicile.

4879.05. (a) Any amendment to an agreement of sale shall be approved by the seller and purchaser, as follows:

(1) In the case of a California state depository corporation, by the board of the corporation, and, if the principal terms of the agreement of sale were required to be approved by the outstanding shares of the corporation under Section 4879.04 and if the amendment changes any of the principal terms of the agreement of sale, by the outstanding shares of the corporation.

(2) In the case of a depository corporation other than a California state depository corporation, as required by the law of the depository corporation's domicile.

(b) If an agreement of sale is amended and if the amendment is approved as required by subdivision (a), the agreement of sale, as thus amended, constitutes the agreement of sale.

4879.06. In the case of a seller or purchaser that is a California state depository corporation, any approval of the outstanding shares of the corporation required by Section 4879.04 or 4879.05 may be given before or after the approval of the board of the depository corporation.

4879.07. In obtaining any approval of outstanding shares required for an agreement of sale, a purchaser or seller that is a California state depository corporation and, in any case where the purchaser is a California state depository corporation that is to issue securities in consideration of the sale, the seller shall each provide to its shareholders information as the appropriate regulator may require. In determining the information to be required, the appropriate regulator shall give due consideration to regulations relating to proxy statements issued under Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78n) by (a) the Securities and Exchange Commission, (b) in the case of a depository corporation that is a bank, the federal bank regulatory agencies, and (c) in the case of a depository corporation that is a savings and loan association, the Office of Thrift Supervision.

4879.08. A purchaser or seller that is a California state depository corporation, with the approval or its board and without further approval of the outstanding shares, may, and any other purchaser or seller, with approval as may be required under the law of its domicile, may, in its discretion, abandon the sale at any time before the sale becomes effective, subject to the contractual rights, if any, of other parties, including the seller or purchaser, as the case may be.

4879.09. A purchaser or seller that is a California state depository corporation or California state-licensed foreign (other nation) bank, shall file the following with its appropriate regulator:

(a) A copy of the agreement of sale.

(b) An officers' certificate of the purchaser, certifying that the agreement of sale has been approved by the purchaser as required by Sections 4879.04 and 4879.05.

(c) An officers' certificate of the seller, certifying that the agreement of sale has been approved by the seller as required by Sections 4879.04 and 4879.05.

(d) An application for approval of the sale.

4879.10. (a) In case the purchaser is a California state depository corporation or California state-licensed

foreign (other nation) bank, if the appropriate regulator of the purchaser finds all of the following with respect to an application for approval of a sale, he or she shall approve the application:

(1) That the sale will not result in a monopoly and will not be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the banking, savings association, or industrial loan business in any part of this state.

(2) That the sale will not have the effect in any section of this state of substantially lessening competition, tending to create a monopoly, or otherwise being in restraint of trade, or that the anticompetitive effect is clearly outweighed in the public interest by the probable effect of the sale in meeting the convenience and needs of the community to be served.

(3) That the shareholders' equity of the purchaser will be adequate and that the financial condition of the purchaser will be satisfactory.

(4) That the directors and executive officers of the purchaser will be satisfactory.

(5) That the purchaser will afford reasonable promise of successful operation and that it is reasonable to believe that the purchaser will be operated in a safe and sound manner and in compliance with all applicable laws.

(6) That the sale will be fair, just, and equitable. For purposes of this subdivision, in the case of any term of the sale that has been determined by agreement between the seller and the purchaser in an arm's length transaction, the appropriate regulator shall find that the term is fair, just, and equitable to the seller and the purchaser.

(7) In the case of a sale where the seller is a California savings association, that the sale will not have a seriously adverse effect on the total availability of financing for housing in any market area of the seller in this state or that any effect of that type is clearly outweighed in the public interest by the probable effect of the sale in meeting the convenience and needs of the community to be served. Nothing in this subdivision authorizes the appropriate

regulator to require the purchaser to make financing for housing available.

If the appropriate regulator of the purchaser finds otherwise, he or she shall deny the application for approval of the sale.

(b) In case the seller is a California state depository corporation or a California state-licensed foreign (other nation) bank, if the appropriate regulator of the seller finds all of the following with respect to an application for approval of a sale, he or she shall approve the application:

(1) That the sale will not have a seriously adverse effect on the safety or soundness of the seller.

(2) That the sale will be fair, just, and equitable. For purposes of this subdivision, in the case of any term of the sale that has been determined by agreement between the seller and the purchaser in an arm's length transaction, the appropriate regulator shall find that the term is fair, just, and equitable to the seller and the purchaser.

If the appropriate regulator of the seller finds otherwise, he or she shall deny the application for approval of the sale.

4879.11. (a) Before a sale becomes effective, the seller or purchaser shall give to the depositors of the seller whose deposits are to be sold notice of the sale as the appropriate regulator may require.

(b) Subject to the provisions of any applicable federal statute or regulation, any depositor of the seller whose deposit is to be or has been sold may, if the deposit is uninsured, withdraw the uninsured deposit on demand at any time during the period commencing with the giving of the notice called for in subdivision (a) and ending on the 60th day after the date on which the sale becomes effective.

4879.12. (a) After an application for approval of a sale has been approved by each appropriate regulator and all conditions precedent to the sale have been fulfilled, each appropriate regulator shall approve the agreement of sale and endorse the approval on the agreement of sale, and at that time the sale shall become effective for all purposes.

(b) In case a sale requires the approval of two appropriate regulators, if they each decide to approve the agreement of sale, they shall act concurrently in approving the agreement of sale and in endorsing their approval on it.

4879.13. When a sale becomes effective, in case the purchaser is a California state depository corporation or California state-licensed foreign (other nation) bank:

(a) Unless the purchaser provided otherwise in the application for approval of the sale or unless the appropriate regulator provided otherwise in the approval of the application:

(1) The purchaser may establish equivalent offices at any branch offices, places of business, extensions of offices, and other facilities of the seller transferred in the sale.

(2) If the seller was authorized to transact trust business and if the partial business unit sold includes any trust business, the purchaser, if it is a California state bank or savings and loan association, may transact trust business.

(b) The appropriate regulator of the purchaser shall issue to the purchaser certificates of authority, licenses, and other authorizations as may be necessary to carry out the provisions of subdivision (a).

4879.14. When a sale becomes effective:

(a) The purchaser shall succeed, without other transfer, to all rights and property of the seller which are sold to the purchaser under the agreement of sale.

(b) The purchaser shall assume in the same manner as if the purchaser had itself incurred such debts and liabilities, and shall be subject to, all debts and liabilities of the seller transferred to the purchaser under the agreement of sale.

(c) All rights of creditors of the seller and all liens upon the property of the seller shall be preserved unimpaired.

(d) Any action or proceeding pending by or against the seller which was sold or transferred to the purchaser under the agreement of sale may be prosecuted to judgment, which shall bind the purchaser, or the

purchaser may be proceeded against or substituted in place of the seller.

(e) (1) In case the partial business unit sold includes trust business, the purchaser shall succeed, without further transfer, to the rights, obligations, properties, assets, investments, deposits, demands, agreements, and trusts of the seller under all trusts, executorships, administrations, guardianships, agencies, and all other fiduciary or representative capacities sold to the purchaser under the agreement of sale, to the same extent as if the purchaser had originally assumed the fiduciary or representative capacities.

(2) In case the partial business unit sold constitutes all or substantially all the trust business of the seller, the purchaser shall, in addition, be entitled to take and execute the appointment to all executorships, trusteeships, guardianships, and other fiduciary or representative capacities to which the seller is or may be named in wills, whenever probated, or to which the seller is or may be named or appointed by any other instrument.

4879.15. No action on account of any debt or liability assumed by a purchaser in a sale may be commenced against the seller more than one year after the time when the sale becomes effective.

4879.16. Promptly after a sale becomes effective, the seller shall:

(a) Surrender to its regulator for cancellation the certificates of authority or licenses issued to it by the regulator that relate to the partial business unit sold.

(b) File with its regulator any report regarding the sale that the regulator may require.

4879.17. (a) After a sale becomes effective, the appropriate regulator shall issue, upon application, a certificate under his or her official seal, stating that the seller sold a partial business unit to the purchaser, describing the business unit, and specifying the time at which the sale became effective.

(b) Any certificate pursuant to subdivision (a) shall be prima facie evidence of the fact of the sale and of the

regularity of the proceedings taken for the sale and shall be conclusive evidence of the matters in favor of any innocent purchaser or encumbrancer for value.

SEC. 156. The heading of Article 1 (commencing with Section 4880) of Chapter 4 of Division 1.5 of the Financial Code is amended to read:

Article 1. Merger Into California State Depository Corporation

SEC. 157. Section 4880 of the Financial Code is amended to read:

4880. In this article, unless the context otherwise requires:

(a) ''Appropriate regulator'' means:

(1) In the case of a merger where the surviving depository corporation is a California state bank, the superintendent.

(2) In the case of a merger where the surviving depository corporation is a California state savings and loan association, the Savings and Loan Commissioner.

(3) In the case of a merger where the surviving depository corporation is a California industrial loan company, the Commissioner of Corporations.

(b) ''Merger'' means any of the mergers described in Section 4881.

SEC. 158. Section 4881 of the Financial Code is repealed.

SEC. 159. Section 4881 is added to the Financial Code, to read:

4881. (a) With the approval of the superintendent, a bank may merge into a California state bank pursuant to (1) this article, (2) in case the disappearing bank is a national banking association or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the disappearing bank is a foreign bank, the law of the foreign bank's domicile.

(b) With the approval of the Commissioner of Corporations, an industrial loan company may merge into a California industrial loan company pursuant to (1) this

article and (2) in case the disappearing industrial loan company is a foreign (other state) industrial loan company, the law of the foreign industrial loan company's domicile.

(c) With the approval of the appropriate regulator, a depository corporation of any class may merge into a California state depository corporation of another class pursuant to (1) this article, (2) in case the disappearing depository corporation is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the disappearing depository corporation is a foreign depository corporation, the law of the disappearing depository corporation's domicile.

SEC. 160. Section 4882 of the Financial Code is amended to read:

4882. In obtaining any approval of outstanding shares required for a merger, the surviving depository corporation and, in case the surviving depository corporation is to issue securities in consideration of the merger, the disappearing depository corporation shall each provide to its shareholders such information as the appropriate regulator may require. In determining the information to be required, the appropriate regulator shall give due consideration to regulations relating to proxy statements issued under Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78n) by (a) the Securities and Exchange Commission, (b) in the case of a depository corporation that is a bank, the federal bank regulatory agencies, and (c) in the case of a depository corporation that is a savings and loan association, the Office of Thrift Supervision.

SEC. 161. Section 4885 of the Financial Code is amended to read:

4885. If the appropriate regulator finds all of the following with respect to an application for approval of a merger, the appropriate regulator shall approve the application:

(a) That the merger will not result in a monopoly and will not be in furtherance of any combination or

conspiracy to monopolize or to attempt to monopolize the banking, savings association, or industrial loan business in any part of this state.

(b) That the merger will not have the effect in any section of this state of substantially lessening competition, tending to create a monopoly, or otherwise being in restraint of trade, or that the anticompetitive effect is clearly outweighed in the public interest by the probable effect of the merger in meeting the convenience and needs of the community to be served.

(c) That the shareholders' equity of the surviving depository corporation will be adequate and that the financial condition of the surviving depository corporation will be satisfactory.

(d) That the directors and executive officers of the surviving depository corporation will be satisfactory.

(e) That the surviving depository corporation will afford reasonable promise of successful operation and that it is reasonable to believe that the surviving depository corporation will be operated in a safe and sound manner and in compliance with all applicable laws.

(f) That the merger will be fair, just, and equitable. For purposes of this subdivision, in the case of any term of the merger that has been determined by agreement between the disappearing depository corporation and the surviving depository corporation in an arm's length transaction, the appropriate regulator shall find that the term is fair, just, and equitable to the disappearing depository corporation and the surviving depository corporation.

(g) In the case of a merger where the disappearing depository corporation is a California savings association, that the merger will not have a seriously adverse effect on the total availability of financing for housing in any market area of the disappearing savings and loan association in this state or that any effect of that type is clearly outweighed in the public interest by the probable effect of the merger in meeting the convenience and needs of the community to be served. Nothing in this subdivision authorizes the appropriate regulator to

require the surviving depository corporation to make financing for housing available.

If the appropriate regulator finds otherwise, the appropriate regulator shall deny the application for approval of the merger.

SEC. 162. Section 4886 of the Financial Code is amended to read:

4886. (a) Before a merger becomes effective, the disappearing or surviving depository corporation shall give to the depositors of the disappearing depository corporation notice of the merger as the appropriate regulator may require.

(b) A depositor of the disappearing depository corporation may, subject to the provisions of any applicable federal statute or regulation and to any premature withdrawal penalty prescribed in the deposit contract, withdraw any uninsured deposit on demand at any time during the period commencing with the giving of the notice called for in subdivision (a) and ending on the 60th day after the date on which the merger becomes effective.

SEC. 163. Section 4888 of the Financial Code is amended to read:

4888. When a merger becomes effective:

(a) Unless the surviving depository corporation provided otherwise in the application for approval of the merger or unless the appropriate regulator provided otherwise in the approval of the application:

(1) The surviving depository corporation may establish and maintain a branch office at the head office of the disappearing depository corporation and may establish and maintain equivalent offices at the branch offices, places of business, extensions of offices, and other facilities, if any, of the disappearing corporation.

(2) If the disappearing depository corporation was authorized to transact and was transacting trust business, the surviving depository corporation, if it is a California state bank or savings association, may transact trust business.

(b) The appropriate regulator shall issue to the surviving depository corporation certificates of authority, licenses, and other authorizations as may be necessary to carry out the provisions of subdivision (a).

SEC. 164. Article 2 (commencing with Section 4895.01) is added to Chapter 4 of Division 1.5 of the Financial Code, to read:

Article 2. Merger Into California State-Licensed Foreign (Other Nation) Bank

4895.01. In this article, unless the context otherwise requires, ‘‘merger’’ means any of the mergers described in Section 4895.02.

4895.02. With the approval of the superintendent:

(a) A California depository corporation may merge into a California state-licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the disappearing depository corporation is a federal depository corporation, federal law, and (3) the law of the foreign bank’s domicile.

(b) A foreign (other state) depository corporation that has a branch office in this state may merge into a California state-licensed foreign (other nation) bank pursuant to (1) this article, (2) in case the disappearing depository corporation is a federal depository corporation, federal law, and (3) the laws of the domiciles of the disappearing depository corporation and of the foreign bank.

4895.03. In case the disappearing depository corporation is a California state depository corporation, a merger is subject to the provisions of Section 1108 of the Corporations Code.

4895.04. (a) In case the disappearing depository corporation is a California state depository corporation, a merger has the same effect as provided in Section 1107 of the Corporations Code and Section 4889 in the case of a merger of the type defined in Section 4880.

(b) In case the disappearing depository corporation is not a California state depository corporation, a merger

has the same effect with respect to the disappearing corporation's business in this state as provided in Section 1107 of the Corporations Code and Section 4889 in the case of a merger of the type defined in Section 4880.

4895.05. A merger shall not become effective unless it has been approved by the superintendent.

4895.06. A merger is subject to the provisions of Sections 4884 to 4886, inclusive, and 4888 to 4891, inclusive, as if the merger were a merger of the type defined in Section 4880.

SEC. 165. The heading of Article 5 (commencing with Section 4900) of Chapter 4 of Division 1.5 of the Financial Code is amended and renumbered to read:

Article 3. Merger Into Federal Depository Corporation, California Federally Licensed Foreign (Other Nation) Bank, or Insured Foreign (Other State) State Depository Corporation

SEC. 166. Section 4900 of the Financial Code is amended to read:

4900. In this article, unless the context otherwise requires, ''merger'' means any of the mergers described in Section 4901.

SEC. 167. Section 4901 of the Financial Code is repealed.

SEC. 168. Section 4901 is added to the Financial Code, to read:

4901. (a) A California state bank may merge into a national banking association, a California federally licensed foreign (other nation) bank, or an insured foreign (other state) state bank pursuant to (1) this article, (2) in case the surviving bank is a national banking association or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the surviving bank is a California federally licensed foreign (other nation) bank or an insured foreign (other state) state bank, the law of the foreign bank's domicile.

(b) A California industrial loan company may merge into an insured foreign (other state) industrial loan

company pursuant to (1) this article and (2) the law of the foreign industrial loan company's domicile.

(c) A California state depository corporation of any class may merge into a federal depository corporation of another class, a California federally licensed foreign (other nation) bank, or an insured foreign (other state) state depository corporation of another class pursuant to (1) this article, (2) in case the surviving depository corporation is a federal depository corporation or a California federally licensed foreign (other nation) bank, federal law, and (3) in case the surviving depository corporation is a California federally licensed foreign (other nation) bank or an insured foreign (other state) state depository corporation, the law of the domicile of the foreign bank or foreign depository corporation.

SEC. 169. Section 4901.5 is added to the Financial Code, to read:

4901.5. (a) No provision of Division 1 (commencing with Section 99) prohibits or restricts the merger of a California state bank.

(b) No provision of Division 2 (commencing with Section 5000) prohibits or restricts the merger of a California state savings and loan association.

(c) No provision of Division 7 (commencing with Section 18000) prohibits or restricts the merger of a California industrial loan company.

SEC. 170. Section 4902 of the Financial Code is amended to read:

4902. A merger is subject to the provisions of Section 1108 of the Corporations Code.

SEC. 171. Section 4902.5 is added to the Financial Code, to read:

4902.5. A merger is subject to the provisions of Section 4886 as if the merger were a merger of the type defined in Section 4880.

SEC. 172. Section 4903 of the Financial Code is amended to read:

4903. A merger shall have the same effect as provided in Section 1107 of the Corporations Code and as provided

in Section 4889 in the case of a merger of the type defined in Section 4880.

SEC. 173. Section 4905 of the Financial Code is amended to read:

4905. (a) After a merger becomes effective, the surviving depository corporation may issue an officer's certificate, stating that the disappearing depository corporation merged into the surviving depository corporation and specifying the time at which the merger became effective.

(b) Any certificate issued pursuant to subdivision (a) shall be prima facie evidence of the fact of the merger and of the regularity of the proceedings taken for the merger and shall be conclusive evidence of the matters in favor of any innocent purchaser or encumbrancer for value.

SEC. 174. The heading of Article 1 (commencing with Section 4920) of Chapter 5 of Division 1.5 of the Financial Code is amended to read:

Article 1. Conversion of California State Depository Corporation Into California State Depository Corporation

SEC. 175. Section 4920 of the Financial Code is amended to read:

4920. In this article, unless the context otherwise requires:

(a) ''Appropriate regulator'' means:

(1) In the case of a conversion into a California state bank, the superintendent.

(2) In the case of a conversion into a California state savings and loan association, the Savings and Loan Commissioner.

(3) In the case of a conversion into a California industrial loan company, the Commissioner of Corporations.

(b) ''Conversion'' means any of the conversions described in Section 4921.

SEC. 176. Section 4921 of the Financial Code is repealed.

SEC. 177. Section 4921 is added to the Financial Code, to read:

4921. With the approval of the appropriate regulator, a California state depository corporation of any class may convert into a California state depository corporation of another class pursuant to this article.

SEC. 178. Section 4923 of the Financial Code is amended to read:

4923. In obtaining the approval of outstanding shares or shareholders required for any amendment to articles or bylaws called for in Section 4922, a converting depository corporation shall provide to its shareholders information as the appropriate regulator may require. In determining the information to be required, the appropriate regulator shall give due consideration to regulations relating to proxy statements issued under Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78n) by (a) the Securities and Exchange Commission, (b) in the case of a depository corporation that is a bank, the federal bank regulatory agencies, and (c) in the case of a depository corporation that is a savings and loan association, the Office of Thrift Supervision.

SEC. 179. Section 4925 of the Financial Code is amended to read:

4925. If the appropriate regulator finds all of the following with respect to an application for approval of a conversion, the appropriate regulator shall approve the application:

(a) That the shareholders' equity of the resulting depository corporation will be adequate and that the financial condition of the resulting depository corporation will be satisfactory.

(b) That the directors, executive officers, and any controlling person of the resulting corporation will be satisfactory.

(c) That the name of the resulting depository corporation will not resemble so closely as to be likely to cause confusion the name of any other bank, savings association, or industrial loan company, as the case may

be, that is transacting or has recently transacted business in this state.

(d) That the resulting depository corporation will afford reasonable promise of successful operation and that it is reasonable to believe that the resulting depository corporation will be operated in a safe and sound manner and in compliance with all applicable laws.

(e) In the case of a conversion of a California state savings association, that the conversion will not have a seriously adverse effect on the total availability of financing for housing in any market area of the converting savings and loan association in this state or that any effect of that type is clearly outweighed in the public interest by the probable effect of the conversion in meeting the convenience and needs of the community to be served. Nothing in this subdivision authorizes the appropriate regulator to require the resulting depository corporation to make financing for housing available.

If the appropriate regulator finds otherwise, the appropriate regulator shall deny the application for approval of the conversion.

SEC. 180. Section 4926 of the Financial Code is amended to read:

4926. (a) Before a conversion becomes effective, the converting depository corporation shall give to its depositors such notice of the conversion as the appropriate regulator may require.

(b) A depositor of the converting corporation may, subject to the provisions of any applicable federal statute or regulation and to any premature withdrawal penalty prescribed in the deposit contract, withdraw any uninsured deposit on demand at any time during the period commencing with the giving of the notice called for in subdivision (a) and ending on the 60th day after the conversion becomes effective.

SEC. 181. Section 4928 of the Financial Code is amended to read:

4928. When a conversion becomes effective, the appropriate regulator shall:

(a) (1) In case the resulting depository corporation is a California state bank, issue to the resulting depository corporation a certificate of authority authorizing it to transact commercial banking business or commercial banking business and trust business, as the case may be.

(2) In case the resulting depository corporation is a California state savings association, issue to the resulting depository corporation a license authorizing it to transact business as a state savings and loan association.

(3) In case the resulting depository corporation is a California industrial loan company, issue to the resulting depository corporation a certificate of authority authorizing it to transact business as an industrial loan company.

(b) In any case, issue to the resulting depository corporation certificates of authority, licenses, or other appropriate authorizations for the branch offices, places of business, extensions of offices, and other facilities, if any, that the converting depository corporation was operating and that the resulting depository corporation is to continue to operate.

SEC. 182. The heading of Article 2 (commencing with Section 4940) of Chapter 5 of Division 1.5 of the Financial Code is amended to read:

Article 2. Conversion of Federal Depository Corporation Into California State Depository Corporation

SEC. 183. Section 4940 of the Financial Code is amended to read:

4940. In this article, unless the context otherwise requires:

(a) ‘‘Appropriate regulator’’ means:

(1) In the case of a conversion into a California state bank, the superintendent.

(2) In the case of a conversion into a California state savings association, the Savings and Loan Commissioner.

(3) In the case of a conversion into a California industrial loan company, the Commissioner of Corporations.

(b) ‘‘Conversion’’ means any of the conversions described in Section 4941.

SEC. 184. Section 4941 of the Financial Code is repealed.

SEC. 185. Section 4941 is added to the Financial Code, to read:

4941. (a) With the approval of the superintendent, a national banking association may convert into a California state bank pursuant to this article and federal law.

(b) With the approval of the appropriate regulator, a federal depository corporation of any class may convert into a California state depository corporation of another class pursuant to federal law and this article.

SEC. 186. Section 4943 of the Financial Code is amended to read:

4943. In obtaining any approval of outstanding shares required for a plan of conversion, a converting depository corporation shall provide to its shareholders information as the appropriate regulator may require. In determining the information to be required, the appropriate regulator shall give due consideration to regulations relating to proxy statements issued under Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78n) by (a) the Securities and Exchange Commission, (b) in the case of a depository corporation that is a bank, the federal bank regulatory agencies, and (c) in the case of a depository corporation that is a savings and loan association, the Office of Thrift Supervision.

SEC. 187. Section 4944 of the Financial Code is amended to read:

4944. A converting depository corporation shall file the following with the appropriate regulator:

(a) The plan of conversion.

(b) An officer’s certificate certifying that the plan of conversion has been approved as required by federal law.

(c) An application for approval of the conversion.

SEC. 188. Section 4947 of the Financial Code is amended to read:

4947. (a) Before a conversion becomes effective, the converting depository corporation shall give to its depositors such notice of the conversion as the appropriate regulator may require.

(b) A depositor of the converting depository corporation may withdraw, subject to the provisions of any applicable federal statute or regulation and to any premature withdrawal penalty prescribed in the deposit contract, any uninsured deposit on demand at any time during the period commencing with the giving of the notice called for in subdivision (a) and ending on the 60th day after the conversion becomes effective.

SEC. 189. Section 4948 of the Financial Code is amended to read:

4948. (a) After an application for approval of a conversion has been approved and all conditions precedent to the conversion have been fulfilled, the appropriate regulator shall:

(1) In case the resulting depository corporation is a California state bank, issue to the resulting depository corporation a certificate of authority authorizing it to transact commercial banking business or commercial banking business and trust business, as the case may be.

(2) In case the resulting depository corporation is a California state savings and loan association, issue to the resulting depository corporation a license authorizing it to transact business as a California state savings association.

(3) In case the resulting depository corporation is a California industrial loan company, issue to the resulting depository corporation a certificate of authority authorizing it to transact business as an industrial loan company.

(b) Upon the issuance of the certificate of authority or license pursuant to subdivision (a), the conversion shall become effective for all purposes.

SEC. 190. Section 4949 of the Financial Code is amended to read:

4949. When a conversion becomes effective, the appropriate regulator shall issue to the resulting depository corporation certificates of authority, licenses, or other appropriate authorizations for the branch offices, places of business, extensions of offices, and other facilities, if any, that the converting depository corporation was operating and that the resulting depository corporation is to continue to operate.

SEC. 191. The heading of Article 3 (commencing with Section 4960) of Chapter 5 of Division 1.5 of the Financial Code is amended to read:

Article 3. Conversion of California State Depository Corporation Into Federal Depository Corporation

SEC. 192. Section 4960 of the Financial Code is amended to read:

4960. In this article, unless the context otherwise requires, ‘‘conversion’’ means any of the conversions described in Section 4961.

SEC. 193. Section 4961 of the Financial Code is repealed.

SEC. 194. Section 4961 is added to the Financial Code, to read:

4961. (a) A California state bank may convert into a national banking association pursuant to this article and federal law.

(b) A California state depository corporation of any class may convert into a federal depository corporation of another class pursuant to this article and federal law.

SEC. 195. Section 4961.5 is added to the Financial Code, to read:

4961.5. (a) No provision of Division 1 (commencing with Section 99) prohibits or restricts the conversion of a California state bank.

(b) No provision of Division 2 (commencing with Section 5000) prohibits or restricts the conversion of a California state savings and loan association.

(c) No provision of Division 7 (commencing with Section 18000) prohibits or restricts the conversion of a California industrial loan company.

SEC. 196. Section 4962.5 is added to the Financial Code, to read:

4962.5. A conversion is subject to the provisions of Section 4947 as if it were a conversion of the type defined in Section 4940.

SEC. 197. Section 4963 of the Financial Code is amended to read:

4963. A conversion shall have the same effect as provided in Section 4950 in the case of a conversion of the type defined in Section 4940.

SEC. 198. Section 4966 is added to the Financial Code, to read:

4966. (a) Within 60 days after a conversion, the resulting depository corporation shall file with the Secretary of State an officers' certificate reciting the name of the converting depository corporation, the name of the resulting depository corporation, the effective date of the conversion, and that the conversion has been completed in compliance with the provisions of federal law. The Secretary of State shall enter the fact of the conversion on the Secretary of State's corporation records for the converting depository corporation, and the converting depository corporation shall thereafter not be deemed to be a corporation organized under the laws of this state.

(b) As to any conversion, whenever effected, if an officers' certificate has not been filed pursuant to subdivision (a) within 60 days after the completion of the conversion, the appropriate regulator of the converting depository corporation may file a report with the Secretary of State setting forth, to the extent the appropriate regulator has knowledge he or she considers reliable, the recitals specified in subdivision (a), and the Secretary of State shall record the fact of the conversion with the same effect as provided in subdivision (a).

SEC. 199. Section 6254.5 of the Government Code is amended to read:

6254.5. Notwithstanding any other provisions of the law, whenever a state or local agency discloses a public record which is otherwise exempt from this chapter, to any member of the public, this disclosure shall constitute a waiver of the exemptions specified in Sections 6254, 6254.7, or other similar provisions of law. For purposes of this section, ‘‘agency’’ includes a member, agent, officer, or employee of the agency acting within the scope of his or her membership, agency, office, or employment.

This section, however, shall not apply to disclosures:

(a) Made pursuant to the Information Practices Act (commencing with Section 1798 of the Civil Code) or discovery proceedings.

(b) Made through other legal proceedings or as otherwise required by law.

(c) Within the scope of disclosure of a statute which limits disclosure of specified writings to certain purposes.

(d) Not required by law, and prohibited by formal action of an elected legislative body of the local agency which retains the writings.

(e) Made to any governmental agency which agrees to treat the disclosed material as confidential. Only persons authorized in writing by the person in charge of the agency shall be permitted to obtain the information. Any information obtained by the agency shall only be used for purposes which are consistent with existing law.

(f) Of records relating to a financial institution or an affiliate thereof, if the disclosures are made to the financial institution or affiliate by a state agency responsible for the regulation or supervision of the financial institution or affiliate.

(g) Of records relating to any person that is subject to the jurisdiction of the Department of Corporations, if the disclosures are made to the person that is the subject of the records for the purpose of corrective action by that person, or if a corporation, to an officer, director, or other key personnel of the corporation for the purpose of corrective action, or to any other person to the extent necessary to obtain information from that person for the

purpose of an investigation by the Department of Corporations.

(h) Made by the Superintendent of Banks under Section 1909 of the Financial Code or by the Savings and Loan Commissioner under Section 8009 of the Financial Code or by the Commissioner of Corporations under Section 18396 of the Financial Code.

SEC. 200. Section 16500.5 of the Government Code is amended to read:

16500.5. (a) The definitions in Section 1700 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.

(b) In this chapter, for purposes of being an eligible bank for the safekeeping of moneys belonging to, or in the custody of, the state, the phrases ‘‘state or national bank located in this state,’’ ‘‘state or national bank,’’ ‘‘state or national bank in this state,’’ and ‘‘state or national banks in the state’’ shall include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

SEC. 201. Section 53630 of the Government Code is amended to read:

53630. As used in this article:

(a) ‘‘Local agency’’ means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) ‘‘Treasurer’’ means treasurer of the local agency.

(c) ‘‘Depository’’ means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.

(d) ‘‘Agent of depository’’ means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.

(e) ‘‘Security’’ means any of the eligible securities or obligations listed in Section 53651.

(f) ‘‘Pooled securities’’ means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.

(g) ‘‘Administrator’’ means the Administrator of Local Agency Security of the State of California.

(h) ‘‘Savings association or federal association’’ means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.

(i) ‘‘Federally insured industrial loan company’’ means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.

SEC. 202. Section 53630.5 is added to the Government Code, to read:

53630.5. (a) The definitions in Section 1700 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.

(b) In this article, for purposes of being a depository of moneys belonging to or being in the custody of a local agency, the phrases ‘‘state or national bank located in this state,’’ ‘‘state or national bank,’’ ‘‘state or national bank in this state,’’ and ‘‘state or national banks in the state’’ include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

SEC. 203. This act shall become operative on September 29, 1995, or on the effective date, whichever is later.

SEC. 204. (a) In this section:

(1) The definitions set forth in Chapter 1 (commencing with Section 99), Section 1700, and Section 3800 of the Revised Banking Law apply.

(2) ''Old Banking Law'' means the Banking Law (Division 1 (commencing with Section 99) of the Financial Code), as in effect immediately prior to the operative date of this act.

(3) ''Representative office'' has the meaning set forth in Section 1700 of the Old Banking Law.

(4) ''Revised Banking Law'' means the Banking Law (Division 1 (commencing with Section 99) of the Financial Code), as in effect on the operative date of this act.

(b) Each insured foreign (other state) bank which, as of the date immediately preceding the operative date of this act, is licensed under Article 2 (commencing with Section 1725) of Chapter 13.5 of the Old Banking Law to maintain a representative office at a place in this state shall, as of the operative date of this act, be deemed to have complied with the requirements of Article 3 (commencing with Section 3840) of Chapter 22 of the Revised Banking Law to maintain a facility at the place. The bank's license for the representative office shall be

terminated as of the operative date of this act; and the bank shall, promptly after the operative date of this act, surrender the license to the superintendent.

(c) Each uninsured foreign (other state) bank which, as of the date immediately preceding the operative date of this act, is licensed under Article 2 (commencing with Section 1725) of Chapter 13.5 of the Old Banking Law to maintain a representative office at a place in this state shall, as of the operative date of this act, be deemed to be licensed under Article 4 (commencing with Section 3860) of Chapter 22 of the Revised Banking Law to maintain a facility at the place. The superintendent shall, as of the operative date of this act, issue to the bank a license authorizing it to maintain a facility at the place, and that license shall be deemed to be issued under Article 4 (commencing with Section 3860) of Chapter 22 of the Revised Banking Law. The bank's license which was issued under Article 2 (commencing with Section 1725) of Chapter 13.5 of the Old Banking Law shall be terminated as of the operative date of this act; and, promptly after the operative date of this act; the bank shall surrender that license to the superintendent.

SEC. 205. It is the policy of this state that, in regulating banks organized under the laws of this state that have branch offices in other states and banks organized under the laws of other states of the United States that have branch offices in this state, the Superintendent of Banks, if and to the extent that the Superintendent of Banks in his or her opinion deems it practicable, in accord with the purposes and provisions of the applicable laws of this state, and consistent with the interest of this state and his or her responsibilities, cooperate with his or her counterparts in the other states.

SEC. 206. This act shall become operative only if Assembly Bill 706 of the 1995–96 Regular Session is also enacted and becomes effective on or before January 1, 1996.

SEC. 207. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the

Constitution and shall go into immediate effect. The facts constituting the necessity are:

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (P.L. 103-328), among other things, permits bank subsidiaries of a bank holding company to act as agents for each other for specified purposes, expands the authorization for interstate banking, and allows interstate bank branching. The act, in part, takes effect on September 29, 1995. In order that the State of California may eliminate conflicts between its laws and the act, enact laws to implement the act, and otherwise respond to the act in a timely manner, it is necessary that this act take effect immediately.

Approved _____, 1995

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Governor