

Senate Bill No. 1422

CHAPTER 204

An act to amend Section 500 of, to add Sections 761.5 and 1500.6 to, to repeal Sections 552, 557, and 558 of, and to repeal and add Section 551 of, the Financial Code, relating to financial institutions.

[Approved by Governor July 24, 2000. Filed with
Secretary of State July 24, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1422, Alpert. Banking and trust operations.

Existing law authorizes a California state bank or foreign bank to establish automated teller machine branch offices and requires the bank to give notice to the Commissioner of Financial Institutions 30 days prior to opening, changing, or discontinuing the location of an automated teller machine branch office.

This bill would provide that an automated teller machine location would not be a branch office and that notice is not required to establish, change, or discontinue the location of an automated teller machine except as the commissioner otherwise orders.

The bill would also distinguish a remote service facility, as defined, from a bank's branch office, and would provide that conducting fiduciary business would not alone determine whether a bank's office is a branch office.

Existing law provides that a bank may acquire shares of stock of a corporation only as authorized by state law.

This bill would define the terms "depository institution" and "depository institution holding company" and would provide that a California state bank may purchase shares of stock of an insured bank or holding company if the stock of the bank or company to be acquired is owned exclusively by a depository institution or depository institution holding company and if the bank or company is engaged exclusively in providing services to depository institutions, as specified.

Existing law authorizes a bank to engage in trust business if the bank receives authorization from the commissioner.

This bill would require a California state bank engaging in trust business to do so only at its head office, an authorized branch office, or an authorized place of business.

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

SECTION 1. Section 500 of the Financial Code is amended to read:

500. (a) In this article, “branch office” means any branch office other than an automated teller machine branch office as defined in Section 550 or a remote service facility as defined in subsection (d) of Section 345.12 of Title 12 of the Code of Federal Regulations, except that no place where a bank or trust company engages in fiduciary business shall, solely on that account, be deemed to be a branch office.

(b) When authorized by the commissioner as provided in this chapter, a bank or trust company, with the approval of its board, may establish and maintain one or more branch offices.

SEC. 2. Section 551 of the Financial Code is repealed.

SEC. 3. Section 551 is added to the Financial Code, to read:

551. Except as the commissioner may otherwise order, a bank is not required to file any notice with, or to obtain any approval or certificate of authority from, the commissioner or to comply with any other regulatory requirement in order to establish, relocate, or discontinue an automated teller machine or remote service facility.

SEC. 4. Section 552 of the Financial Code is repealed.

SEC. 5. Section 557 of the Financial Code is repealed.

SEC. 6. Section 558 of the Financial Code is repealed.

SEC. 7. Section 761.5 is added to the Financial Code, to read:

761.5. (a) In this section:

(1) “Depository institution” has the meaning set forth in Section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(c)).

(2) “Depository institution holding company” has the meaning set forth in Section 3(w) of the Federal Deposit Insurance Act (12 U.S.C. Sec. 1813(w)).

(b) Notwithstanding any provision of this code, to the contrary, and except as the commissioner may otherwise order, a California state bank may purchase for its own account shares of the stock of an insured bank or of a holding company which owns or controls an insured bank if the stock of the bank or company is owned exclusively (except to the extent directors’ qualifying shares are required by law) by depository institutions or depository institution holding companies and if the bank or company and all subsidiaries thereof are engaged exclusively in providing services to or for other depository institutions, their holding companies, and the officers, directors, and employees of these institutions and companies and in providing correspondent banking services at the request of other depository institutions or their holding companies.

SEC. 8. Section 1500.6 is added to the Financial Code, to read:

1500.6. No California state bank may engage in trust business at a place unless the place is its head office, an authorized branch office, or an authorized place of business.

