



HOUSE BILL 462: Banking Law Amendments.

2017-2018 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	June 13, 2017
Introduced by:	Reps. Howard, Setzer, Destin Hall, Conrad	Prepared by:	Amy Darden
Analysis of:	Third Edition		Staff Attorney

OVERVIEW: *House Bill 462 would make technical and clarifying changes to provisions applicable to commercial banks, bank holding companies, and credit unions.*

CURRENT LAW and BILL ANALYSIS:

Section 1: would make a technical change to reference the correct section of the Federal Deposit Insurance Act.

Section 2: would clarify the definition of a *non-branch bank business office* and make it clear that a bank must provide written notice to the Commissioner before opening an office out of state that does not meet the definition of a branch.

Section 3: would clarify that the following documents in the custody of OCOB are confidential:

- Responses to applications for licensure that OCOB treats as confidential.
- Records privileged prior to being obtained by the Commissioner.
- Records containing personal information.
- Records containing information bearing on character, competency, experience, or information about personal finances of an existing or proposed organizer, officer, director or employee.
- Minutes or other records related to meetings of various bodies of a financial institution, including board of directors and compliance review committee.
- Records that are confidential under Chapter 132 (Public Records) of the General Statutes or protected under any other applicable law, such as the attorney-client privilege.

Section 4: would make technical and clarifying changes to the definition of *compliance review committee* and adds compliance with federal or State regulatory requirements and cybersecurity requirements to the list of topics a compliance review committee must audit and evaluate.

Section 5: would make a clarifying change that G.S. 53C-5-1(b) does not address agency activities, but only limits principal activities.

Sections 6 and 7: Currently, the term "natural person" is not defined in Chapter 53C. The bill would replace the term "natural person" with "individual" concerning payable on death accounts (POD's) and personal agency accounts. Further, clarifies that when multiple beneficiaries exist, either beneficiary can withdraw money from a POD account independently. Lastly, makes treatment of pledges of POD's expressly the same as those of joint bank accounts, as defined in G.S. 53C-6-6(d).

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House Bill 462

Page 2

Section 8: would clarify that a bank can establish one or more non-branch bank business offices in this State or another state, subject to specific requirements.

Section 9: would clarify the scope of combinations involving banks and other depository institutions and add language to clarify which transactions are subject to application and approval versus those subject to notification.

Section 10: would give the Commissioner authority over holding companies whose nonbank subsidiaries operate in this State.

Section 11: would recodify the fee provision in G.S. 53-232 and move it into Article 10 of Chapter 53C that deals with bank holding companies. The bill does not make any changes to the fee amounts.

Section 12: would repeal Article 18 of Chapter 53 since it would no longer be needed after the change made in Section 11, as Article 10 of Chapter 53C now fully covers bank holding companies.

Section 14: would make the same changes as Section 6 of the bill regarding payable on death accounts for credit unions.

EFFECTIVE DATE: This act is effective when it becomes law.