



HOUSE BILL 462: Banking Law Amendments.

2017-2018 General Assembly

Committee:		Date:	August 14, 2017
Introduced by:		Prepared by:	Amy Darden Staff Attorney
Analysis of:	S.L. 2017-165		

OVERVIEW: *S.L. 2017-165 makes technical and clarifying changes to provisions applicable to commercial banks, bank holding companies, and credit unions. This act became effective July 21, 2017.*

CURRENT LAW and BILL ANALYSIS:

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

Section 2: clarifies the definition of a *non-branch bank business office* and makes 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: clarifies that the following documents in the custody of OCOB (Office of the Commissioner of Banks) 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: makes 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: makes a clarifying change that G.S. 53C-5-1(b) does not address agency activities, but only limits principal activities.

Sections 6 and 7: Previously, the term "natural person" was not defined in Chapter 53C. The act replaces 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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Section 8: clarifies 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: clarifies 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: gives the Commissioner authority over holding companies whose nonbank subsidiaries operate in this State.

Section 11: recodifies the fee provision in G.S. 53-232 and moves it into Article 10 of Chapter 53C, which deals with bank holding companies. The act does not make any changes to the fee amounts.

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

Section 14: makes the same changes as Section 6 of the act regarding payable on death accounts for credit unions.

EFFECTIVE DATE: This act became effective July 21, 2017.