

Senate Engrossed

State of Arizona
Senate
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 100

SENATE BILL 1178

AN ACT

AMENDING SECTIONS 6-204 AND 6-246, ARIZONA REVISED STATUTES; RELATING TO BANK ORGANIZATION AND REGULATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-204, Arizona Revised Statutes, is amended to
3 read:

4 6-204. Issuance of banking permit; trust business; conditional
5 approval; hearing; banker's bank; definitions

6 A. Upon the filing of an application for a banking permit the
7 superintendent shall make or cause to be made an investigation and
8 examination of the facts concerning the applicant. EXCEPT AS PROVIDED IN
9 SUBSECTION F, the superintendent shall issue the permit if, but only if, he
10 finds:

11 1. The applicant is a corporation organized under the laws of this
12 state having powers and purposes to engage in the banking business.

13 2. The deposits of the bank will be insured by the federal deposit
14 insurance corporation when the bank commences business.

15 3. The ability and integrity of the persons involved in the
16 organization and management of the proposed bank are such as to demonstrate
17 that it will be operated in a sound and lawful manner.

18 4. The applicant has paid in capital which is adequate for its
19 prospective business.

20 5. The need for the bank in the community or area where the bank will
21 be located is such as to demonstrate the favorable prospect for a sound
22 banking operation.

23 B. An application which is not denied or approved by the
24 superintendent within ninety days after the application is filed with the
25 superintendent is deemed to be approved by the superintendent as of the first
26 day after the period.

27 C. A banking permit may initially or by amendment include the
28 authority of a bank to engage in the trust business.

29 D. The superintendent may approve the application conditioned upon
30 specific requirements being met, but a permit shall not be issued unless such
31 conditions have been met within the time specified in the order or any
32 extension.

33 E. The permit may be granted or denied without a hearing, but the
34 superintendent may, and shall at the request of the applicant, fix a date for
35 a hearing on the application. At the hearing any person may be heard with
36 reference to the facts to be investigated.

37 F. THE SUPERINTENDENT SHALL NOT ISSUE A BANKING PERMIT PURSUANT TO
38 SUBSECTION A FOR A BANKER'S BANK UNLESS ALL OF THE FOLLOWING APPLY:

39 1. THE STOCK OF THE APPLICANT IS OWNED EXCLUSIVELY BY ONE OR MORE
40 STATE OR NATIONALLY CHARTERED BANKS OR, IF THE STOCK IS OWNED BY A HOLDING
41 COMPANY, THE HOLDING COMPANY'S STOCK IS OWNED EXCLUSIVELY BY ONE OR MORE
42 STATE OR NATIONALLY CHARTERED BANKS.

43 2. THE APPLICANT ENGAGES IN OR WILL ENGAGE EXCLUSIVELY IN PROVIDING
44 BANKING SERVICES TO OR FOR OTHER DEPOSITORY INSTITUTIONS OR THEIR HOLDING

1 COMPANIES AND THE DIRECTORS, OFFICERS OR EMPLOYEES OF THE DEPOSITORY
2 INSTITUTIONS.

3 3. THE APPLICANT OFFERS OR WILL OFFER CORRESPONDENT BANKING SERVICES
4 FOR OTHER DEPOSITORY INSTITUTIONS OR THEIR HOLDING COMPANIES.

5 4. THE APPLICANT IS FULLY INSURED BY THE FEDERAL DEPOSIT INSURANCE
6 CORPORATION.

7 5. NO SINGLE ENTITY ACQUIRES OR RETAINS AT ANY TIME OWNERSHIP, CONTROL
8 OR POWER TO VOTE MORE THAN TEN PER CENT OF ANY CLASS OF VOTING SECURITIES OF
9 THE BANKER'S BANK.

10 G. FOR PURPOSES OF THIS SECTION:

11 1. "BANKER'S BANK" MEANS AN ENTITY THAT IS OWNED EXCLUSIVELY BY ONE
12 OR MORE STATE OR NATIONALLY CHARTERED BANKS OR BANK HOLDING COMPANIES AND
13 THAT EXCLUSIVELY PROVIDES BANKING SERVICES TO OR FOR OTHER DEPOSITORY
14 INSTITUTIONS AND THEIR HOLDING COMPANIES.

15 2. "NATIONALLY CHARTERED BANK" MEANS A BANK OR SAVINGS BANK CHARTERED
16 BY THE OFFICE OF THE COMPTROLLER OF THE CURRENCY OR THE OFFICE OF THRIFT
17 SUPERVISION.

18 Sec. 2. Section 6-246, Arizona Revised Statutes, is amended to read:
19 6-246. Permitted investments; limitations

20 A. In addition to other investments authorized by law, a bank or trust
21 company that is acting as a fiduciary may invest and reinvest in the
22 securities of an open-end or closed-end management investment company or
23 investment trust that is registered under the investment company act of 1940
24 (15 United States Code section 80A-1), as amended, if the portfolios of that
25 investment company or investment trust consist of investments permitted by
26 the applicable fiduciary instrument. A bank or trust company may invest in
27 these securities notwithstanding that the bank or trust company, or an
28 affiliate of the bank or trust company, provides services to the investment
29 company or investment trust as an investment adviser, custodian, transfer
30 agent, registrar, sponsor, distributor, administrator, manager or otherwise
31 and receives reasonable remuneration for those services.

32 B. A bank or trust company that invests and reinvests in the
33 securities of an open-end or closed-end management investment company or
34 investment trust authorized under subsection A of this section shall disclose
35 in the statement of the fiduciary account to all persons whose funds are
36 invested in the investment company or investment trust that the bank or trust
37 company provides services for and receives fees from the open-end or
38 closed-end management company or investment trust.

39 C. A BANK MAY PURCHASE FOR ITS OWN ACCOUNT ANY CLASS OF EQUITY
40 SECURITIES ISSUED BY A BANKER'S BANK, AS DEFINED IN SECTION 6-204, IF THE
41 AGGREGATE INVESTMENT DOES NOT EXCEED TEN PER CENT OF THE BANK'S CAPITAL.

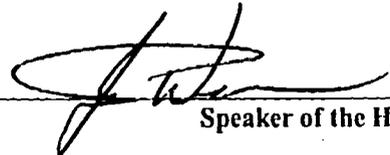
APPROVED BY THE GOVERNOR APRIL 29, 2002.

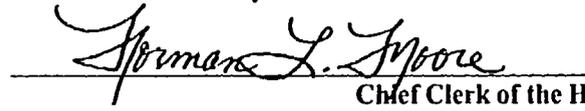
FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2002.

Passed the House April 23, 2002,

by the following vote: 53 Ayes,

0 Nays, 7 Not Voting


Speaker of the House


Chief Clerk of the House

Passed the Senate March 18, 2002,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting


President of the Senate


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

24 day of April, 2002,

at 12:14 o'clock P M.


Secretary to the Governor

Approved this 29 day of

April, 2002,

at 1:00 o'clock P M.

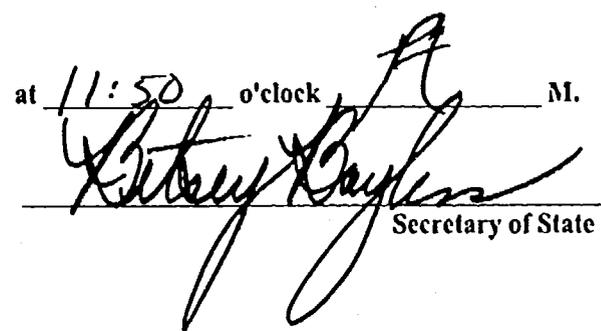

Governor of Arizona

S.B. 1178

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 30 day of April, 2002

at 11:50 o'clock A M.

Secretary of State