

# ENROLLMENT(S)

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# COUNCIL OF THE DISTRICT OF COLUMBIA

## NOTICE

### D.C. LAW 11-142

#### "Banking and Branching Act of 1996".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P.L. 93-198 "the Act", the Council of the District of Columbia adopted Bill No. 11-321, on first and second readings, March 5, 1996 and April 2, 1996, respectively. Following the signature of the Mayor on April 16, 1996, pursuant to Section 404(e) of "the Act", and was assigned Act No. 11-258 and published in the April 26, 1996, edition of the D.C. Register (Vol. 43 page 2159) and transmitted to Congress on May 1, 1996 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 11-142, effective June 13, 1996.



DAVID A. CLARKE  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

May 1,2,3,6,7,8,9,10,13,14,15,16,17,20,21,22,23,24,28,29,30,31

June 3,4,5,6,7,10,11,12

**ENROLLED ORIGINAL**

AN ACT  
D.C. ACT 11-258

*Codification  
District of  
Columbia  
Code  
1997 Supp.*

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

APRIL 16, 1996

To permit interstate banking, branching and consolidation, and conversion of banks pursuant to the federal Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, and for other purposes.

**New Chapter  
10,  
Title 26**

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Banking and Branching Act of 1996".

**Sec. 2. Findings.**

**New Section  
26-1001**

The Council of the District of Columbia hereby finds and declares that:

- (1) On September 29, 1994, the federal Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("federal legislation") became law.
- (2) Sections 102 and 103 of the federal legislation permit states to enact early opt in legislation to enable a state to appropriately regulate interstate banking, branching, and bank mergers and acquisitions prior to June 1997 when all provisions of the federal legislation will become fully effective.
- (3) It is the intent of the District of Columbia to exercise its statutory option under the federal legislation by opting in to its interstate branching schemata thus permitting the District's Office of Banking and Financial Institutions to regulate, pursuant to the federal legislation, interstate branching, acquisition of branches, bank mergers, and consolidations of existing banking entities within the District of Columbia among other things.

**Sec. 3. Definitions.**

**New Section  
26-1002**

For the purposes of this act, the term:

- (1) "Acquire" means:
  - (A) To merge or consolidate;
  - (B) To have direct or indirect ownership or control of voting shares, if, after the acquisition, the acquiror directly or indirectly owns or controls more than 5% of any

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class of voting shares of the acquired; or

(C) Any action that would result in direct or indirect control of the acquired, including a direct or indirect ownership of all or of substantially all of the assets of the acquired.

(2) "Acquisition of a branch" means the acquisition of a branch located in a host state without acquiring the bank of such branch.

(3) "Bank" means any insured bank as defined in 12 U.S.C. § 1813(h), or any institution eligible to become an insured bank as defined therein, which accepts demand deposits and makes commercial loans.

(4) "Branch" means any branch bank or branch bank office or other bank facility where deposits are received, checks are paid, or money is lent.

(5) "De novo branch" means a branch of a bank located in a host state which:

(A) Is originally established by a bank as a branch; and

(B) Does not become a branch of a bank as the result of the acquisition of another bank or the acquisition of a branch of another bank.

(6) "Depository institution affiliate" means any depository institution that controls, is controlled by, or is under common control of or with another depository institution.

(7) "District" means the District of Columbia.

(8) "District bank" means a bank whose home state is the District of Columbia and whose primary regulator is the District's Superintendent of Banking and Financial Institutions or the Comptroller of the Currency.

(9) "District state bank" means a bank whose home state is the District and that is chartered under the laws of the District.

(10) "Home state" means:

(A) The state of the main office for a national bank; or

(B) The state of chartering for a state bank.

(11) "Host state" means a state, other than the home state of a bank, in which a bank maintains or seeks to maintain a branch.

(12) "Interstate merger transaction" means:

(A) The merger or consolidation of banks with different home states pursuant to the authority of this act, and the conversion of branches of any bank involved in such a merger or consolidation to branches of the resulting bank; or

(B) The purchase of all, or substantially all, of the assets of a bank whose home state is not the home state of the acquiring bank pursuant to the authority of this act.

(13) "Out-of-state bank" means a bank whose home state is not the District.

(14) "Out-of-state national bank" means a nationally-chartered bank whose home state is not the District of Columbia.

(15) "Out-of-state state bank" means a state chartered bank whose home state is not the District of Columbia.

(16) "Resulting bank" means a bank that has resulted from an interstate merger

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transaction.

(17) "State" means any state of the United States, the District of Columbia, or any territory of the United States, or any legally incorporated jurisdiction deemed to be a state by the District's Superintendent of Banking and Financial Institutions.

(18) "Superintendent" means the District's Superintendent of Banking and Financial Institutions.

Sec. 4. De Novo branching or acquisition of a branch into a state other than the District.

New Section  
26-1003

(a) With the approval of the Superintendent, a District state bank may establish and maintain a de novo branch or acquire a branch in a state other than the District.

(b) A District state bank ("applicant") desiring to branch into a state other than the District under this section shall file an application on a form provided by the Superintendent and pay a branching fee of \$500 to the Superintendent. If, within 30 days after receipt of the application, the Superintendent determines that the applicant possesses sufficient resources to branch into a state other than the District, the Superintendent shall approve the application.

(c) In reviewing the application, the Superintendent shall consider the views of the state bank supervisor of the host state where the branch is proposed to be located.

(d) If the Superintendent fails to approve or disapprove an application within 30 days of receipt, the application shall be deemed approved. The Superintendent may extend this 30-day review period for an additional 30 days upon a showing of good cause.

(e) A District state bank that branches into a state other than the District may exercise, at that branch, all rights and powers permitted to banks chartered by that state unless the Superintendent determines that the exercise of such rights or powers would threaten the safety and soundness of the District bank.

Sec. 5. Interstate branching by de novo entry or acquisition into the District.

New Section  
26-1004

(a) An out-of-state bank ("applicant") that does not maintain a branch within the District may establish and maintain a de novo branch or may acquire a branch within the District provided the applicant meets the following requirements:

(1) Submits to the Superintendent a copy of the application it files with its home state supervisor or with the appropriate federal agency in order to establish such branch within the District;

(2) Pays a branching fee to be determined by the Superintendent; and

(3)(A) In the case of a de novo branch to be established prior to June 1, 1997, the laws of the home state of the applicant permit District banks to establish and maintain de novo branches in that state under terms similar to those set forth in this act; or

B) In the case of a branch to be established through acquisition of a branch prior to June 1, 1997, the laws of the home state of the applicant permit District banks to establish and maintain branches in that state through the acquisition of branches under terms similar to those set forth in this act.

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(b) An out-of-state state bank that establishes and maintains a branch in the District may exercise, at such branch, all rights and powers permitted to be exercised by District state banks unless the out-of-state state bank's home state determines that the exercise of such rights or powers would threaten the safety and soundness of the out-of-state state bank.

Sec. 6. Additional authority of Superintendent regarding establishment and maintenance of branches.

New Section  
26-1005

(a) The Superintendent may conduct examinations of any branch of an out-of-state state bank established or maintained within the District pursuant to section 5 to ensure that such branch is operating in a safe and sound manner and to ensure that such branch is in compliance with the laws of the District.

(b) The Superintendent may require periodic reports from any out-of-state bank that establishes or maintains a branch in the District pursuant to section 5, including reports regarding any agency agreements entered into between a branch and a depository institution affiliate as authorized and established by section 10, provided that the reports:

(1) Are similar to reports required from District banks by the Superintendent;

and

(2) Are not preempted by federal law.

(c) The Superintendent may enter into cooperative agreements with any other state bank regulators for any legal purpose, including agreements for sharing of examination fees and other regulatory fees, in order to prevent duplication of regulatory functions and for the convenience and needs of the public.

(d) An out-of-state bank that has established and maintained a branch in the District may establish and maintain additional branches in the District to the same extent as a District state bank or to the extent otherwise permitted by federal law.

Sec. 7. Interstate merger transactions by a District state bank.

New Section  
26-1006

(a) With the permission of the Superintendent, a District state bank may maintain and operate a branch in a state other than the District pursuant to an interstate merger transaction with an out-of-state bank in which the District state bank is the resulting bank.

(b) A District state bank ("applicant") desiring to establish and maintain a branch in another state under this section shall file an application on a form provided by the Superintendent and pay a merger fee to be determined by the Superintendent. If, within 30 days of receipt of the application, the Superintendent determines that the applicant possesses sufficient financial resources, sufficient managerial and professional experience, and that the proposed merger is in the public interest, the Superintendent shall approve the application for an interstate merger transaction and for the operation of branches in a state other than the District by the District state bank.

(c) In reviewing the application, the Superintendent shall consider the views of the state bank supervisor of the host state where the interstate merger transaction is to be consummated.

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(d) If the Superintendent fails to approve or disapprove an application within 30 days of receipt, the application shall be deemed approved. The Superintendent may extend this 30-day review period for an additional 30 days upon a showing of good cause.

(e) A District state bank that establishes and maintains a branch in a state other than the District pursuant to an interstate merger transaction may exercise, at such branch, all rights and powers permitted to banks chartered by that state unless the Superintendent determines that the exercise of such rights or powers would threaten the safety and soundness of the District state bank.

Sec. 8. Interstate merger transactions by an out-of-state bank with a District bank; retention of branches by resulting bank.

New Section  
26-1007

(a) A District bank may engage with an out-of-state bank ("applicant") in an interstate merger transaction where the resulting bank is not a District state bank. The resulting bank from such an interstate merger transaction may maintain and operate the branches in the District of the merged District bank, provided the applicant meets the following requirements:

(1) Submits to the Superintendent a copy of the application it files with its home state regulator or with the federal banking agency in order to consummate such merger within the District;

(2) Pays a merger fee to be determined by the Superintendent. This fee may be waived by the Superintendent if the Superintendent determines that the fee paid by the applicant in its home state is sufficient;

(3) Prior to consummation of such merger, obtains a certificate of authority to transact business in the District in accordance with section 99 of the District of Columbia Business Corporation Act, approved June 8, 1954 (68 Stat. 219; D.C. Code § 29-399) ("Corporation Act"). The applicant shall be entitled to do so notwithstanding the exclusion of the business of banking under the terms of section 99(a) of the Corporation Act; and

(4) In the case of an interstate merger transaction to be consummated prior to June 1, 1997, the laws of the home state of the applicant permit District banks to consummate interstate merger transactions in the home state under terms similar to those set forth in this act.

(b) An out-of-state state bank that engages in an interstate merger transaction with a District bank and is the resulting bank may exercise at its branches in the District all rights and powers to be exercised by District state banks, unless the out-of-state state bank's home state determines that the exercise of such rights or powers would threaten the safety and soundness of the out-of-state state bank.

Sec. 9. Additional authority of Superintendent regarding interstate merger transactions.

New Section  
26-1008

(a) The Superintendent may conduct examinations of any branch of an out-of-state state bank established within the District pursuant to an interstate merger transaction to ensure that such branch is operating in a safe and sound manner and to ensure that such branch is in compliance with the laws of the District.

**ENROLLED ORIGINAL**

(b) The Superintendent may require periodic reports from any branch of an out-of-state bank established within the District pursuant to an interstate merger transaction, (including reports regarding any agency agreements entered into between a branch and a depository institution affiliate authorized and established pursuant to section 10, provided that the reports:

- (1) Are similar to reports required from District banks by the Superintendent;
- and
- (2) Are not preempted by federal law.

(c) The Superintendent may enter into cooperative agreements with any other state bank regulators for any legal purpose, including agreements for sharing of examination fees and other regulatory fees, in order to prevent duplication of regulatory functions and for the convenience and needs of the public.

(d) An out-of-state bank that has acquired a branch in the District pursuant to an interstate merger transaction may establish and maintain additional branches in the District to the same extent as a District state bank or to the extent otherwise permitted by federal law.

**Sec. 10. Establishment of agency agreements between affiliated depository institutions.**

**New Section  
26-1009**

A District state bank that is a subsidiary of a bank holding company may agree to receive deposits, renew time deposits, close loans, service loans, receive payments on loans and other obligations, and perform such other services as the Superintendent may determine are appropriate, as an agent for a depository institution affiliate.

**Sec. 11. Enforcement.**

**New Section  
26-1010**

If the Superintendent determines that any law of the District has been violated in the operation of a branch in the District of an out-of-state state bank, or that such branch is being operated in an unsafe or unsound manner pursuant to this act, the Superintendent shall have the authority to undertake such enforcement actions as it would be permitted to take if the branch were a District state bank.

**Sec. 12. Rules.**

**New Section  
26-1011**

(a) The Superintendent, pursuant to title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code § 1-1501 *et seq.*), shall issue rules to implement the provisions of this act.

(b) The proposed rules shall be submitted to the Council for a 45-day period of review, excluding Saturdays, Sundays, legal holidays, and days of Council recess. If the Council does not approve or disapprove the proposed rules, in whole or in part, by resolution within this 45-day review period, the proposed rules shall be deemed approved.

**Sec. 13. Conforming amendments.**

**Section  
26-103**

Section 1 of An Act Regulating corporations doing a banking business in the District of Columbia, approved April 26, 1922 (42 Stat. 500; D.C. Code § 26-103), is amended as follows:



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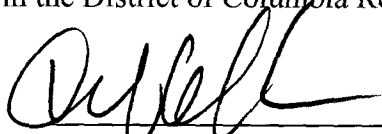
- (a) The lead-in language of subsection (a) is amended by adding the phrase "or by banks organized in accordance with the laws of another state" after the phrase "United States"; and
- (b) The lead-in language of subsection (b) is amended by striking the period and inserting the phrase "or unless the branch is otherwise permitted by applicable law of the District of Columbia or by federal law." in its place.

**Sec. 14. Fiscal impact.**

Nothing in this act shall cause the District government to spend additional general fund revenues. Administrative costs associated with reviewing and processing applications to engage in interstate activities will be incurred; however, the Superintendent shall charge the applicant fees to cover these costs. The legislation is anticipated to have a positive economic impact on the District through the collection of branching fees. In addition, there will be an indirect economic benefit due to increased employment and property taxes resulting from an increase in banking activity in the District.

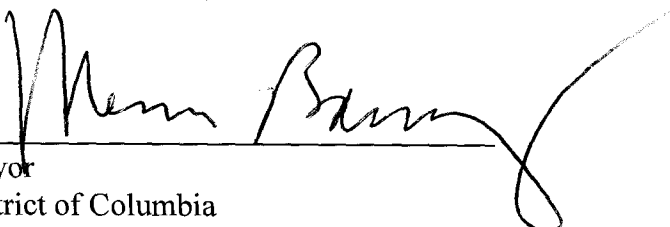
**Sec. 16. Effective date.**

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Authority Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(c)), and a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.



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Chairman  
Council of the District of Columbia



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Mayor  
District of Columbia

APPROVED: April 16, 1996



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD ELEVEN

RECORD OF OFFICIAL COUNCIL VOTE

Docket No. B11-321

ITEM ON CONSENT CALENDAR

ACTION & DATE ADOPTED FIRST READING, 03-05-96

VOICE VOTE APPROVED

RECORDED VOTE ON REQUEST LIGHTFOOT AND THOMAS

ABSENT \_\_\_\_\_

ROLL CALL VOTE - Result \_\_\_\_\_

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

[Signature]  
Secretary to the Council

April 4, 1996  
Date

ITEM ON CONSENT CALENDAR

ACTION & DATE ADOPTED FINAL READING, 04-02-96

VOICE VOTE APPROVED

RECORDED VOTE ON REQUEST ALL PRESENT

ABSENT \_\_\_\_\_

ROLL CALL VOTE - Result \_\_\_\_\_

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X-indicates no

AB-Absent

NV-Present not voting

CERTIFICATION RECORD

[Signature]  
Secretary to the Council

April 4, 1996  
Date

ITEM ON CONSENT CALENDAR

ACTION & DATE \_\_\_\_\_

VOICE VOTE \_\_\_\_\_

RECORDED VOTE ON REQUEST \_\_\_\_\_

ABSENT \_\_\_\_\_

ROLL CALL VOTE - Result \_\_\_\_\_

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Clarke					Jarvis					Smith, Jr.				
Brazil					Lightfoot					Thomas, Sr.				
Chavous					Mason					Whittington				
Cropp					Patterson									
Evans					Ray									

X - Indicates Vote

AB - Absent

NV - Present not Voting

CERTIFICATION RECORD

Secretary to the Council

Date