

**SENATE BILL NO. 168**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

Introduced: 4/26/95

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to financial institutions."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 06.05 is amended by adding a new section to read:

4           Sec. 06.05.277. PROVIDING SERVICES AS AGENT. (a) If a state bank  
5 complies with this section and if the department approves the provision of the services  
6 under this section, the state bank may agree to provide banking services as an agent  
7 for a depository institution.

8           (b) A state bank that proposes to enter into an agency agreement under this  
9 section shall file with the department at least 60 days before the effective date of the  
10 agreement a request that the department approve the provision of the banking service.  
11 The request must include a

12                   (1) notice of intention to enter into an agency agreement with a  
13 depository institution;

14                   (2) description of the services proposed to be provided under the  
15 agency agreement; and

1 (3) copy of the agency agreement.

2 (c) Except as provided by (d) of this section, the commissioner shall decide  
3 whether to approve a request submitted under (b) of this section and shall issue a  
4 decision within 60 days after receipt of the request. The department may ask for  
5 additional information after reviewing a request received under (b) of this section. If  
6 the department asks for additional information, the 60 days is calculated from the date  
7 the department receives the additional information.

8 (d) When making its decision under (c) of this section, the department may  
9 consider the safety and soundness of the particular state bank and depository institution  
10 and whether providing the service is consistent with applicable federal and state law  
11 and with safe and sound banking practices.

12 (e) Before approval under (c) or (f) of this section, the department shall give  
13 appropriate notice to the public of each request submitted to the department under (b)  
14 of this section.

15 (f) If the department does not take action on a request submitted under (b) of  
16 this section within the time limit established in (c) of this section, the request is  
17 considered to have been approved by the department.

18 (g) Notwithstanding the other provisions of this section, a state bank may not,  
19 under an agency agreement, provide by itself through an agent an activity that the state  
20 bank may not conduct under applicable state and federal law.

21 (h) The department may order a state bank or another depository institution  
22 subject to this title to cease acting as an agent or principal under an agency agreement  
23 subject to this section if the department determines that the activity is inconsistent with  
24 safe and sound banking practices.

25 \* **Sec. 2.** AS 06.05 is amended by adding a new section to read:

26 Sec. 06.05.532. CONCENTRATION OF DEPOSITS. (a) Unless expressly  
27 otherwise allowed under this title, an acquisition, a merger, or an ownership transaction  
28 is not permitted between a depository institution in this state and a depository  
29 institution in another state, if upon consummation of the acquisition, merger, or  
30 transaction the resulting depository institution, whether organized under state or federal  
31 law, controls 50 or more percent of the total amount of the deposits held by all

1 depository institutions in this state.

2 (b) The department may by regulation adopt a procedure that allows the  
3 department to waive the restriction in (a) of this section if the department finds that  
4 the purposes of this title will be fulfilled and the acquisition, merger, or transaction is  
5 in the public interest.

6 \* **Sec. 3.** AS 06.05.540 is amended by adding a new paragraph to read:

7 (28) "depository institution" means a financial institution whose  
8 deposits are insured by an agency of the federal government; in this paragraph,  
9 "financial institution" includes institutions from outside the state that are not subject  
10 to the regulation of the department under this title.

11 \* **Sec. 4.** AS 06.05.565 is amended by adding new subsections to read:

12 (e) The department may require periodic reports from an out-of-state  
13 depository institution that maintains a branch in this state and from a bank holding  
14 company that controls the out-of-state depository institution. The reports shall be  
15 made under oath and filed as frequently as required by the department. The reports  
16 must contain the information and detail that the department determines to be  
17 appropriate to assure continuing compliance of the out-of-state depository institution  
18 with the provisions of this title.

19 (f) The department may enter into cooperative, coordinating, or information-  
20 sharing agreements with other depository institution supervisory agencies or with an  
21 organization affiliated with or representing depository institution supervisory agencies,  
22 to handle the periodic examination or other supervision of a depository institution  
23 branch that is located in this state and owned by a depository institution organized in  
24 another state, or of a depository institution branch that is located in a host state and  
25 owned by a depository institution organized in this state. Under the agreements, the  
26 department may accept reports of examination and reports of investigation instead of  
27 conducting the department's own examinations or investigations. The department may  
28 enter into joint enforcement action agreements with other depository institution  
29 supervisory agencies having concurrent jurisdiction over a depository institution branch  
30 that is located in this state and owned by a depository institution organized in another  
31 state, or over a depository institution branch that is located in a host state and owned

1 by a depository institution organized in this state. Notwithstanding the existence of  
2 an agreement under this subsection, the department may at any time make an  
3 examination or take supervisory or enforcement action independently if the department  
4 determines that the examination or action is necessary or appropriate to carry out the  
5 department's responsibilities under this title or to ensure compliance with the laws of  
6 this state. In this subsection, "host state" means a state, other than the state where the  
7 depository institution is organized, in which a depository institution maintains, or seeks  
8 to establish and maintain, a branch.