

103^D CONGRESS
1ST SESSION

S. 371

To provide for interstate banking and branching.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16 (legislative day, JANUARY 5), 1993

Mr. DODD (for himself, Mr. D'AMATO, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To provide for interstate banking and branching.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Interstate Banking
5 and Branching Act of 1993”.

6 **SEC. 2. INTERSTATE BANKING.**

7 (a) IN GENERAL.—Section 3(d) of the Bank Holding
8 Company Act of 1956 (12 U.S.C. 1842(d)) is amended—

9 (1) by striking “(d) Notwithstanding any other
10 provision of this section, no” and inserting the fol-
11 lowing:

1 “(d) STATE BOUNDARIES.—

2 “(1) IN GENERAL.—Except as provided in
3 paragraph (2), no”; and

4 (2) by adding at the end the following:

5 “(2) APPROVALS AUTHORIZED.—

6 “(A) ACQUISITION OF EXISTING BANKS.—

7 Beginning 1 year after the date of enactment of
8 the Interstate Banking and Branching Act of
9 1993, the Board may approve an application
10 under this section which will permit a bank
11 holding company that is adequately capitalized
12 and adequately managed, or a subsidiary there-
13 of, to acquire, directly or indirectly, any voting
14 shares of, interest in, or all or substantially all
15 of the assets of a bank located outside the State
16 in which the operations of such bank holding
17 company’s banking subsidiaries were principally
18 conducted on July 1, 1966, or the date on
19 which such company became a bank holding
20 company, whichever is later.

21 “(B) ESTABLISHMENT OF NEW BANKS.—

22 Beginning 2 years after the date of enactment
23 of the Interstate Banking and Branching Act of
24 1993, the Board may approve an application
25 under this section which will permit a bank

1 holding company that is adequately capitalized
2 and adequately managed, or a subsidiary there-
3 of, to charter and acquire any voting shares of,
4 interest in, or all or substantially all of the as-
5 sets of any new bank to be located outside the
6 State in which the operations of such bank
7 holding company's banking subsidiaries were
8 principally conducted on July 1, 1966, or the
9 date on which such company became a bank
10 holding company, whichever is later.

11 “(C) ‘NEW BANK’ EXCEPTION.—For pur-
12 poses of this paragraph, a bank that does not
13 open for business and has been chartered solely
14 for the purpose of acquiring all or substantially
15 all of the assets of an existing bank shall not
16 be deemed to be a new bank.

17 “(3) CONCENTRATION LIMITS.—The Board
18 may not approve an application under paragraph
19 (2)(A) if—

20 “(A) the applicant controls, or upon com-
21 pletion of the acquisition would control, more
22 than 10 percent of the insured depository insti-
23 tution assets of the United States, as deter-
24 mined under regulations of the Board; or

1 “(B) the applicant controls, or upon com-
2 pletion of the acquisition would control, 30 per-
3 cent or more of the insured depository institu-
4 tion deposits in the State in which the bank to
5 be acquired is located, as determined under reg-
6 ulations of the Board, except that such a State
7 may waive the applicability of this subpara-
8 graph.

9 Nothing in this paragraph affects the applicability of
10 Federal antitrust laws or of State antitrust laws
11 that do not discriminate against out-of-State bank
12 holding companies.

13 “(4) DEFINITIONS.—For purposes of this sub-
14 section—

15 “(A) the term ‘adequately capitalized’ has
16 the same meaning as in section 38(b) of the
17 Federal Deposit Insurance Act; and

18 “(B) the term ‘insured depository institu-
19 tion’ has the same meaning as in section 3 of
20 that Act.”.

21 (b) CONVERSION OF BANKS TO BRANCHES.—Section
22 3 of the Bank Holding Company Act of 1956 (12 U.S.C.
23 1842) is amended by adding at the end the following new
24 subsection:

25 “(h) INTERSTATE COMBINATION.—

1 “(1) IN GENERAL.—Beginning 18 months after
2 the date of enactment of the Interstate Banking and
3 Branching Act of 1993, a bank holding company
4 having subsidiary banks located in more than 1
5 State may combine 2 or more of such banks into a
6 single bank by means of merger, consolidation, or
7 other transaction, except that a bank may not be so
8 combined or remain so combined if it is located in
9 a State that has elected to prohibit out-of-State
10 banks from establishing and acquiring branches in
11 that State. Notwithstanding the exception in the
12 preceding sentence, a bank holding company may
13 engage in such a combination on or after the date
14 of enactment of this subsection if the holding com-
15 pany is undercapitalized and the transaction is ap-
16 proved as part of a capital restoration plan described
17 in paragraph (2)(B).

18 “(2) APPLICABILITY.—Paragraph (1) applies
19 only in the case of a merger, consolidation, or other
20 transaction that is undertaken—

21 “(A) by a bank holding company that is
22 adequately capitalized, as defined in section 38
23 of the Federal Deposit Insurance Act; or

24 “(B) in connection with a comprehensive
25 capital restoration plan under section 38 of the

1 Federal Deposit Insurance Act that contains at
 2 least 1 element in addition to the merger, con-
 3 solidation, or other transaction described in
 4 paragraph (1).

5 “(3) INTRASTATE BRANCHING.—Nothing in
 6 paragraph (1) shall be deemed to authorize—

7 “(A) a national bank to operate branches
 8 at locations in a State unless a national bank
 9 having offices only in such State could operate
 10 its main office or branches at such locations; or

11 “(B) a State bank to operate branches at
 12 locations in a State unless a State bank having
 13 branches only in such State could operate its
 14 main office or branches at such locations.”.

15 **SEC. 3. INTERSTATE BRANCHING BY NATIONAL BANKS.**

16 Section 5155 of the Revised Statutes (12 U.S.C. 36)
 17 is amended—

18 (1) by redesignating subsections (d) through (h)
 19 as subsections (e) through (i), respectively; and

20 (2) by inserting after subsection (c) the follow-
 21 ing:

22 “(d) INTERSTATE BRANCHING BY NATIONAL
 23 BANKS.—

24 “(1) IN GENERAL.—

1 “(A) APPROVALS AUTHORIZED.—Begin-
2 ning 3 years after the date of enactment of the
3 Interstate Banking and Branching Act of 1993,
4 the Comptroller of the Currency may approve
5 an application under this section which will per-
6 mit a national bank that is adequately capital-
7 ized and adequately managed to establish or ac-
8 quire and operate a branch located outside the
9 State in which the main office of such bank is
10 located.

11 “(B) CONDITIONS.—In determining wheth-
12 er to grant approval under subparagraph (A),
13 the Comptroller of the Currency shall consider
14 the bank’s rating under the Community Rein-
15 vestment Act of 1977 and the views of the ap-
16 propriate State bank officials regarding the
17 bank’s compliance with applicable State com-
18 munity reinvestment laws.

19 “(C) APPLICABLE LAW.—

20 “(i) IN GENERAL.—Any branch of a
21 national bank that is established in accord-
22 ance with this subsection shall be subject
23 to the laws of the host State with respect
24 to intrastate branching, consumer protec-
25 tion, fair lending, and community reinvest-

1 ment as if it were a branch of a national
2 bank having its main office in that State.
3 Nothing contained in this subsection in
4 any way affects, limits, impairs, or pre-
5 cludes the right of any State or political
6 subdivision of a State to impose a non-
7 discriminatory franchise tax or other non-
8 property tax instead of a franchise tax as
9 provided by section 3124 of title 31, Unit-
10 ed States Code.

11 “(ii) FILING REQUIREMENT.—A host
12 State may require any national bank that
13 has its main office in another State that
14 wishes to establish a branch within the
15 host State to comply with filing require-
16 ments that are not discriminatory in na-
17 ture and that are similar in their effect to
18 those that are imposed on a corporation
19 from another State that is not engaged in
20 the business of banking and that seeks to
21 engage in business in the host State. The
22 host State may preclude any national
23 bank, the main office of which is located in
24 another State, from establishing or operat-
25 ing a branch within the host State if that

1 national bank or its branch materially fails
2 to comply with the filing requirements.

3 “(2) STATE ELECTION TO PROHIBIT INTER-
4 STATE BRANCHING.—

5 “(A) IN GENERAL.—The provisions of
6 paragraph (1) shall not apply to branches to be
7 located in a State which has enacted, during
8 the period beginning on January 1, 1990, and
9 ending on the expiration of 3 years after the
10 date of enactment of the Interstate Banking
11 and Branching Act of 1993, a law that applies
12 equally to national and State banks and that
13 expressly prohibits all out-of-State banks from
14 establishing or acquiring branches located in
15 that State.

16 “(B) EFFECT OF PROHIBITION.—A na-
17 tional bank that has its main office in a State
18 that has in effect a prohibition described in
19 subparagraph (A) may not acquire or establish
20 a branch located in any other State under the
21 provisions of this subsection.

22 “(3) STATE ELECTION TO PERMIT INTERSTATE
23 BRANCHING.—

24 “(A) DURING THE THREE-YEAR PERIOD
25 FOLLOWING ENACTMENT.—The Comptroller of

1 the Currency may approve an application under
2 paragraph (1)(A) before the expiration of the 3-
3 year period described in paragraph (1)(A), if
4 the State in which the branch will be located
5 enacts a law during that period expressly per-
6 mitting interstate branching by all out-of-State
7 national and State banks before the expiration
8 of that period. A State that enacts a law de-
9 scribed in the preceding sentence—

10 “(i) may prohibit interstate de novo
11 branching during the 5-year period begin-
12 ning on the date of enactment of the Inter-
13 state Banking and Branching Act of 1993;

14 “(ii) may require a copy of an applica-
15 tion submitted under this section to be
16 filed with the host State banking authority
17 in a timely manner (and the Comptroller
18 of the Currency shall consider any timely
19 comments of the host State prior to ap-
20 proving that application); and

21 “(iii) may impose other conditions on
22 an incoming branch if—

23 “(I) the conditions do not dis-
24 criminate against out of State banks
25 or bank holding companies; and

1 “(II) the imposition of the condi-
2 tions is not preempted by Federal law
3 regarding the same subject.

4 “(B) AFTER THE THREE-YEAR PERIOD
5 FOLLOWING ENACTMENT.—A State that origi-
6 nally elects, pursuant to paragraph (2), to pro-
7 hibit interstate branching may nonetheless elect
8 at any later time to permit interstate branching
9 if such State enacts a law expressly permitting
10 interstate branching by all out-of-State national
11 and State banks.

12 “(4) CONCENTRATION LIMITS.—

13 “(A) IN GENERAL.—The Comptroller of
14 the Currency may not approve an acquisition
15 under paragraph (1)(A) by a bank of a branch
16 located in another State if—

17 “(i) the bank controls, or upon com-
18 pletion of the acquisition would control,
19 more than 10 percent of the insured depos-
20 itory institution assets of the United
21 States, as determined under regulations of
22 the Board of Governors of the Federal
23 Reserve System; or

24 “(ii) the bank controls, or upon com-
25 pletion of the acquisition would control, 30

1 percent or more of the insured depository
2 institution deposits in the State in which
3 the branch to be acquired is located, as de-
4 termined under regulations of the Board of
5 Governors of the Federal Reserve System,
6 except that a State may waive the applica-
7 bility of this clause.

8 “(B) LIMITATIONS.—Nothing in subpara-
9 graph (A)—

10 “(i) affects the applicability of Fed-
11 eral antitrust laws or of State antitrust
12 laws that do not discriminate against out-
13 of-State banks or bank holding companies;
14 or

15 “(ii) applies to the establishment of
16 new branches located outside the State
17 where the main office of the bank is lo-
18 cated.

19 “(5) DEFINITIONS.—For purposes of this sub-
20 section—

21 “(A) the term ‘adequately capitalized’ has
22 the same meaning as in section 38 of the Fed-
23 eral Deposit Insurance Act;

24 “(B) the term ‘host State’ means the State
25 in which a national bank establishes or main-

1 tains a branch, other than the State in which
 2 the bank has its main office and is engaging in
 3 the business of banking; and

4 “(C) the term ‘insured depository institu-
 5 tion’ has the same meaning as in section 3 of
 6 the Federal Deposit Insurance Act.”.

7 **SEC. 4. INTERSTATE BRANCHING BY STATE BANKS.**

8 Section 18(d) of the Federal Deposit Insurance Act
 9 (12 U.S.C. 1828(d)) is amended by adding at the end the
 10 following:

11 “(3) INTERSTATE BRANCHING BY STATE
 12 BANKS.—Beginning 3 years after the date of enact-
 13 ment of the Interstate Banking and Branching Act
 14 of 1993, an insured State bank that is adequately
 15 capitalized and adequately managed may establish or
 16 acquire and operate a branch located outside the
 17 State in which the bank is chartered if such action—

18 “(A) is authorized by the law of the State
 19 in which the bank is chartered; and

20 “(B) is not prohibited under paragraph (5)
 21 or is permitted under paragraph (6), by the
 22 host State.

23 “(4) APPLICABLE LAW.—

24 “(A) IN GENERAL.—Any branch of a
 25 State-chartered bank, that is established in ac-

1 cordance with this subsection shall be subject to
2 the laws of the host State with respect to intra-
3 state branching, consumer protection, fair lend-
4 ing, and community reinvestment as if it were
5 a branch of a bank chartered under the laws of
6 that State and having offices only in such
7 State. Nothing contained in this subsection in
8 any way affects, limits, impairs, or precludes
9 the right of any State or political subdivision of
10 a State to impose a nondiscriminatory franchise
11 tax or other nonproperty tax instead of a fran-
12 chise tax as provided by section 3124 of title
13 31, United States Code.

14 “(B) ACTIVITIES OF BRANCHES.—An in-
15 sured State bank that establishes a branch or
16 branches in accordance with paragraph (3) may
17 not conduct any activity at such branch that is
18 not permissible for a bank chartered by the
19 host State.

20 “(C) FILING REQUIREMENT.—A host State
21 may require any bank chartered by another
22 State that wishes to establish a branch within
23 the host State to comply with filing require-
24 ments that are not discriminatory in nature and
25 that are similar in their effect to those that are

1 imposed on a corporation from another State
2 that is not engaged in the business of banking
3 and that seeks to engage in business in the host
4 State. The host State may preclude any State
5 bank chartered by another State from establish-
6 ing or operating a branch within the host State
7 if that State bank or its branch materially fails
8 to comply with the filing requirements.

9 “(D) RESERVATION OF CERTAIN RIGHTS
10 TO STATES.—Nothing in this subsection limits
11 in any way the right of a State to—

12 “(i) determine the authority of State
13 banks chartered in that State to establish
14 and maintain branches; or

15 “(ii) supervise, regulate, and examine
16 State banks chartered by that State.

17 “(5) STATE ELECTION TO PROHIBIT INTER-
18 STATE BRANCHING.—

19 “(A) IN GENERAL.—The provisions of
20 paragraph (3) shall not apply to branches to be
21 located in a State which has enacted, during
22 the period beginning on January 1, 1990, and
23 ending on the expiration of 3 years after the
24 date of enactment of the Interstate Banking
25 and Branching Act of 1993, a law that applies

1 equally to national and State banks and that
2 expressly prohibits all out-of-State banks from
3 establishing or acquiring branches located in
4 that State.

5 “(B) EFFECT OF PROHIBITION.—A State
6 bank that is chartered by a State that has in
7 effect a prohibition described in subparagraph
8 (A) may not acquire or establish a branch lo-
9 cated in any other State.

10 “(6) STATE ELECTION TO PERMIT INTERSTATE
11 BRANCHING.—

12 “(A) DURING THE THREE-YEAR PERIOD
13 FOLLOWING ENACTMENT.—A State bank may
14 establish or acquire, and operate, a branch out-
15 side the State in which the main office of the
16 bank is located, subject to the provisions of this
17 subsection, before the expiration of the 3-year
18 period described in paragraph (3), if the State
19 in which the branch will be located enacts a law
20 during that period expressly permitting inter-
21 state branching by all national and State banks
22 before the expiration of that period. A State
23 that enacts such a law—

24 “(i) may prohibit interstate de novo
25 branching during the 5-year period begin-

1 ning on the date of enactment of the Inter-
2 state Banking and Branching Act of 1993;

3 “(ii) may require a copy of an applica-
4 tion submitted under this section to be
5 filed with the host State banking authority
6 in a timely manner (and the home State
7 banking authority and the appropriate
8 Federal banking agency shall consider any
9 timely comments of the host State prior to
10 approving that application); and

11 “(iii) may impose other conditions on
12 an incoming branch if—

13 “(I) the conditions do not dis-
14 criminate against out of State banks
15 or bank holding companies; and

16 “(II) the imposition of the condi-
17 tions is not preempted by Federal law
18 regarding the same subject.

19 “(B) AFTER THE THREE-YEAR PERIOD
20 FOLLOWING ENACTMENT.—A State that origi-
21 nally elects, pursuant to paragraph (5), to pro-
22 hibit interstate branching may elect at any later
23 time to permit interstate branching if such
24 State enacts a law expressly permitting inter-
25 state branching by all national and State banks.

1 “(7) CONCENTRATION LIMITS.—

2 “(A) IN GENERAL.—Notwithstanding the
3 provisions of this subsection, a State bank may
4 not acquire an existing branch located in an-
5 other State if—

6 “(i) the bank controls, or upon com-
7 pletion of the acquisition would control,
8 more than 10 percent of the insured depos-
9 itory institution assets of the United
10 States, as determined under regulations of
11 the Board of Governors of the Federal Re-
12 serve System; or

13 “(ii) the bank controls, or upon com-
14 pletion of the acquisition would control, 30
15 percent or more of the insured depository
16 institution deposits in the State in which
17 the branch to be acquired is located, as de-
18 termined under regulations of the Board of
19 Governors of the Federal Reserve System,
20 except that a State may waive the applica-
21 bility of this clause.

22 “(B) LIMITATIONS.—Nothing in subpara-
23 graph (A)—

24 “(i) affects the applicability of Fed-
25 eral antitrust laws or of State antitrust

1 laws that do not discriminate against out-
2 of-State bank holding companies, or

3 “(ii) applies to the establishment of
4 new branches located outside the State in
5 which the main office of the bank is
6 located.

7 “(8) COORDINATION OF EXAMINATION AUTHOR-
8 ITY.—

9 “(A) IN GENERAL.—A host State bank su-
10 pervisory or regulatory authority may examine
11 a branch established in the host State by banks
12 chartered by another State for the purpose of
13 determining compliance with host State laws re-
14 garding banking, taxation, community reinvest-
15 ment, fair lending, consumer protection, and
16 permissible activities and to ensure that the ac-
17 tivities of the branch are conducted in a man-
18 ner consistent with sound banking principles
19 and do not constitute a serious risk to the safe-
20 ty and sound operation of the branch.

21 “(B) ENFORCEMENT.—In the event that a
22 host State bank authority as described in sub-
23 paragraph (A) determines that there is a viola-
24 tion of host State law concerning the activities
25 being conducted by the branch or that the

1 branch is being operated in a manner not con-
2 sistent with sound banking principles or in an
3 unsafe and unsound manner, such host State
4 bank authority may undertake such enforce-
5 ment actions or proceedings as would be per-
6 mitted under host State law if the branch were
7 a bank chartered by the host State.

8 “(C) COOPERATIVE AGREEMENT.—The
9 State bank authorities from 1 or more States
10 may enter into cooperative agreements to facili-
11 tate State regulatory supervision of State
12 banks, including cooperative agreements relat-
13 ing to the coordination of examinations and
14 joint participation in examinations.

15 “(D) FEDERAL REGULATORY AUTHOR-
16 ITY.—

17 “(i) IN GENERAL.—Nothing in this
18 subsection limits in any way the authority
19 of the appropriate Federal banking agency
20 to examine any bank or branch of a bank
21 for which the agency is the appropriate
22 Federal banking agency.

23 “(ii) REVIEW OF INTERSTATE AGREE-
24 MENTS.—If the appropriate Federal bank-
25 ing agency determines that the States have

1 failed to reach an agreement under sub-
 2 paragraph (C), or that such an agreement
 3 fails to adequately protect the Federal De-
 4 posit Insurance Fund, the appropriate
 5 Federal banking agency shall not defer to
 6 State examinations of the out-of-State
 7 branches.

8 “(9) DEFINITIONS.—For purposes of this sub-
 9 section—

10 “(A) the term ‘host State’ means the State
 11 in which a bank establishes or maintains a
 12 branch other than the State in which the bank
 13 is chartered and is engaging in the business of
 14 banking; and

15 “(B) the term ‘adequately capitalized’ has
 16 the same meaning as in section 38 of the Fed-
 17 eral Deposit Insurance Act.”.

18 **SEC. 5. COMMUNITY REINVESTMENT ACT EVALUATION OF**
 19 **BANKS WITH INTERSTATE BRANCHES.**

20 (a) IN GENERAL.—Section 807 of the Community
 21 Reinvestment Act of 1977 (12 U.S.C. 2906) is amended
 22 by adding at the end the following new subsections:

23 “(d) INSTITUTIONS WITH INTERSTATE
 24 BRANCHES.—

1 “(1) STATE-BY-STATE EVALUATION.—In the
2 case of a regulated financial institution that main-
3 tains domestic branches in 2 or more States, the ap-
4 propriate Federal financial supervisory agency shall
5 prepare—

6 “(A) a written evaluation of the entire in-
7 stitution’s record of performance under this
8 Act, as required by subsections (a), (b), and (c);
9 and

10 “(B) for each State in which the institu-
11 tion maintains 1 or more domestic branches, a
12 separate written evaluation of the institution’s
13 record of performance within such State under
14 this Act, as required by subsections (a), (b),
15 and (c).

16 “(2) MULTISTATE METROPOLITAN AREAS.—In
17 the case of a regulated financial institution that
18 maintains domestic branches in 2 or more States
19 within a multistate metropolitan area, the appro-
20 priate Federal financial supervisory agency may pre-
21 pare a separate written evaluation of the institu-
22 tion’s record of performance within such metropoli-
23 tan area under this Act, as required by subsections
24 (a), (b), and (c). If the agency prepares a written
25 evaluation pursuant to this paragraph, the scope of

1 the written evaluation required under paragraph
2 (1)(B) shall be adjusted accordingly.

3 “(3) STATE LEVEL EVALUATION.—A written
4 evaluation prepared pursuant to paragraph (1)(B)
5 shall—

6 “(A) include the information required by
7 subparagraphs (A) and (B) of subsection (b)(1)
8 separately for each metropolitan area in which
9 the institution maintains 1 or more domestic
10 branch offices and separately for the remainder
11 of the nonmetropolitan area of the State if the
12 institution maintains 1 or more domestic
13 branch offices in such area; and

14 “(B) describe how the Federal financial
15 supervisory agency has performed the examina-
16 tion of the institution, including a list of the in-
17 dividual branches examined.

18 “(4) DEFINITIONS.—For purposes of this sec-
19 tion—

20 “(A) the term ‘domestic branch’ means
21 any branch office or other facility of a regulated
22 financial institution with the ability to accept
23 deposits located in any State;

24 “(B) the term ‘metropolitan area’ means
25 any primary metropolitan statistical area, met-

1 ropolitan statistical area, or consolidated metro-
2 ropolitan statistical area, as defined by the Direc-
3 tor of the Office of Management and Budget,
4 with a population of 250,000 or more, and any
5 other area identified by the appropriate Federal
6 financial supervisory agency; and

7 “(C) the term ‘State’ has the same mean-
8 ing as in section 3 of the Federal Deposit In-
9 surance Act.”.

10 (b) SEPARATE PRESENTATION.—Section 807(b)(1)
11 of the Community Reinvestment Act of 1977 (12 U.S.C.
12 2906(b)(1)) is amended by adding at the end the following
13 sentence: “A written evaluation shall contain the informa-
14 tion required by subparagraphs (A) and (B) presented
15 separately for each metropolitan area in which an insured
16 depository institution maintains 1 or more domestic
17 branch offices.”.

18 **SEC. 6. BRANCHING BY FOREIGN BANKS.**

19 (a) IN GENERAL.—Section 5(a) of the International
20 Banking Act of 1978 (12 U.S.C. 3103(a)) is amended to
21 read as follows:

22 “(a) INTERSTATE BANKING OPERATIONS.—

23 “(1) IN GENERAL.—A foreign bank may estab-
24 lish and operate—

1 “(A) a Federal branch or agency, with the
2 approval of the Board and the Comptroller of
3 the Currency, in any State outside its home
4 State to the extent that such establishment and
5 operation would be permitted under section
6 5155 of the Revised Statutes for a national
7 bank, as if the foreign bank were a national
8 bank having its main office in the home State
9 of the foreign bank; or

10 “(B) a State branch or agency, with the
11 approval of the Board and the appropriate reg-
12 ulatory authority of the State, in any State out-
13 side its home State to the extent that such es-
14 tablishment and operation would be permitted
15 under section 18(d) of the Federal Deposit In-
16 surance Act for a State bank, as if the foreign
17 bank were a State bank chartered in the home
18 State of the foreign bank.

19 “(2) CRITERIA FOR DETERMINATION.—In ap-
20 proving an application under paragraph (1), the
21 Board and the Comptroller of the Currency—

22 “(A) shall apply the standards for estab-
23 lishment of a foreign bank office in the United
24 States under section 7; and

1 “(B) may not approve an application un-
2 less it determines that the foreign bank’s finan-
3 cial resources, including the capital level, are
4 equivalent to those required for a domestic
5 bank to be approved for branching under sec-
6 tion 5155 of the Revised Statutes and section
7 18(d) of the Federal Deposit Insurance Act
8 and, in the case of the first branching applica-
9 tion by such foreign bank, after consultation
10 with the Secretary of the Treasury regarding
11 capital equivalency.”.

12 (b) TREATMENT OF UNITED STATES BANKING SUB-
13 SIDIARIES.—Section 5 of the International Banking Act
14 of 1978 (12 U.S.C. 3103) is amended by adding at the
15 end the following:

16 “(d) TREATMENT OF UNITED STATES SUBSIDIARY
17 OF A FOREIGN BANK.—A foreign bank that has a domes-
18 tic subsidiary within the United States may establish Fed-
19 eral and State branches and agencies outside its home
20 State to the extent permitted under section 5155(d) of the
21 Revised Statutes and section 18(d) of the Federal Deposit
22 Insurance Act.”.

23 (c) HOME STATE.—

1 (1) METHOD OF DETERMINING.—Section 4(h)
2 of the International Banking Act of 1978 (12 U.S.C.
3 3102(h)) is amended—

4 (A) in paragraph (1)(A), by striking “in
5 the State in which such branch or agency is lo-
6 cated”; and

7 (B) by adding at the end the following:

8 “(3) HOME STATE.—For purposes of section
9 5155(c) of the Revised Statutes, the home State of
10 a foreign bank shall be its home State as determined
11 under section 5(c).”.

12 (2) SINGLE STATE DETERMINATIONS.—Section
13 5(c) of the International Banking Act of 1978 (12
14 U.S.C. 3103(c)) is amended to read as follows:

15 “(c) DETERMINATION OF HOME STATE OF FOREIGN
16 BANK.—For purposes of this section—

17 “(1) the home State of a foreign bank that has
18 branches, agencies, subsidiary commercial lending
19 companies, or subsidiary banks, or any combination
20 thereof, in more than 1 State, is the 1 of those
21 States elected by the foreign bank, or, in default of
22 such election, by the Board; and

23 “(2) the home State of a foreign bank that has
24 branches, agencies, subsidiary commercial lending

1 companies, or subsidiary banks, or any combination
2 thereof, in only one State, is that State.”.

3 **SEC. 7. USE OF NAMES IN HOST STATE.**

4 (a) BANK HOLDING COMPANY ACT OF 1956.—Sec-
5 tion 3 of the Bank Holding Company Act of 1956 (12
6 U.S.C. 1842), as amended by section 2, is amended by
7 adding at the end the following:

8 “(h) USE OF NAMES IN HOST STATE.—

9 “(1) IN GENERAL.—A bank holding company
10 that seeks, directly or indirectly, to acquire or estab-
11 lish a bank in a host State shall provide the Board
12 with the name or names under which the bank will
13 operate in the host State.

14 “(2) PROHIBITION AGAINST SAME OR SIMILAR
15 NAMES.—A bank holding company may not operate
16 a bank in a host State if the proposed name of the
17 bank is—

18 “(A) identical or deceptively similar to a
19 name being used by an existing bank or bank
20 holding company in the host State; or

21 “(B) is likely to cause the public to be con-
22 fused, deceived, or mistaken, due to a similarity
23 or identity of names.

24 “(3) SUBSEQUENT USE OF SAME OR SIMILAR
25 NAME.—Upon application by any person or institu-

1 tion that is adversely affected, the Board shall re-
2 voke permission of a bank holding company to oper-
3 ate a bank in a host State if the bank holding com-
4 pany uses or changes the name of, or uses an addi-
5 tional name for any of its banks in the host State,
6 and the new or additional name is described in sub-
7 paragraph (A) or (B) of paragraph (2). The preced-
8 ing sentence does not preclude any adversely af-
9 fected person from pursuing any available legal or
10 administrative remedies.

11 “(4) DEFINITION.—For purposes of this sub-
12 section, the term ‘host State’ means the State in
13 which a bank holding company establishes or ac-
14 quires a bank other than the State in which the op-
15 erations of the bank holding company’s banking sub-
16 sidiaries were principally conducted on July 1, 1996,
17 or the date on which the company became a bank
18 holding company, whichever is later.”.

19 (b) NATIONAL BANKS.—Section 5155(d) of the Re-
20 vised Statutes (12 U.S.C. 36(d)), as added by section 3,
21 is amended by adding at the end the following:

22 “(6) USE OF NAMES IN HOST STATE.—

23 “(A) IN GENERAL.—A bank that seeks, di-
24 rectly or indirectly, to acquire or establish a
25 branch in a host State shall provide the Comp-

1 troller of the Currency with the name or names
2 under which the branch will operate in the host
3 State.

4 “(B) PROHIBITION AGAINST SAME OR
5 SIMILAR NAMES.—A bank may not operate a
6 branch in a host State if the proposed name of
7 the branch is—

8 “(i) identical or deceptively similar to
9 a name being used by an existing bank or
10 bank holding company in the host State; or

11 “(ii) is likely to cause the public to be
12 confused, deceived, or mistaken, due to a
13 similarity or identity of names.

14 “(C) SUBSEQUENT USE OF SAME OR SIMI-
15 LAR NAME.—Upon application by any person or
16 institution that is adversely affected, the Comp-
17 troller of the Currency shall revoke permission
18 of a bank to operate a branch in a host State
19 if the bank uses or changes the name of, or
20 uses an additional name for any such branch in
21 the host State, and the new or additional name
22 is described in clause (i) or (ii) of subparagraph
23 (B). The preceding sentence does not preclude
24 any adversely affected person from pursuing
25 any available legal or administrative remedies.

1 “(D) DEFINITION.—For purposes of this
2 paragraph, the term ‘host State’ means the
3 State in which a bank establishes or acquires a
4 branch other than the State in which the bank
5 has its main office and is engaging in the busi-
6 ness of banking.”.

7 (c) FEDERAL DEPOSIT INSURANCE ACT.—Section
8 18(d) of the Federal Deposit Insurance Act (12 U.S.C.
9 1828(d)), as amended by section 4, is amended by adding
10 at the end the following:

11 “(10) USE OF NAMES IN HOST STATE.—

12 “(A) IN GENERAL.—A bank that seeks, di-
13 rectly or indirectly, to acquire or establish a
14 branch in a host State shall provide the appro-
15 priate State regulatory authority with the name
16 or names under which the branch will operate
17 in the host State.

18 “(B) PROHIBITION AGAINST SAME OR
19 SIMILAR NAMES.—A bank may not operate a
20 branch in a host State if the proposed name of
21 the branch is—

22 “(i) identical or deceptively similar to
23 a name being used by an existing bank or
24 bank holding company in the host State; or

1 “(ii) is likely to cause the public to be
2 confused, deceived, or mistaken, due to a
3 similarity or identity of names.

4 “(C) SUBSEQUENT USE OF SAME OR SIMI-
5 LAR NAME.—Upon application by any person or
6 institution that is adversely affected, the appro-
7 priate State regulatory authority may revoke
8 permission of a bank to operate a branch in a
9 host State if the bank uses or changes the
10 name of, or uses an additional name for any
11 such branch in the host State, and the new or
12 additional name is described in clause (i) or (ii)
13 of subparagraph (B). The preceding sentence
14 does not preclude any adversely affected person
15 from pursuing any available legal or adminis-
16 trative remedies.

17 “(D) DEFINITION.—For purposes of this
18 paragraph, the term ‘host State’ means the
19 State in which a bank establishes or acquires a
20 branch other than the State in which the bank
21 has its main office and is engaging in the busi-
22 ness of banking.”.

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