

FINAL BILL REPORT

HB 1036

C 176 L 01

Synopsis as Enacted

Brief Description: Investigating alien banks.

Sponsors: Representatives Benson and Hatfield; by request of Department of Financial Institutions.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background:

State law requires the director of the Department of Financial Institutions to visit the office of an alien bank— at least once every year for the purpose of examining the operation of the bank. More frequent examinations may be conducted by the director, at his discretion. An alien bank— is defined as any bank which is organized under the laws of a foreign country and has its principle place of business in that country.

The department conducts its examinations of foreign banks in coordination with its federal regulatory agency counterparts. The Federal Reserve, together with other federal banking agencies, has issued a joint rule that will make some branches and some agencies of foreign banks eligible for an 18-month examination cycle. State law is not consistent with the rules governing the examination of alien banks by these federal banking agencies.

Summary:

The director of the Department of Financial Institutions is required to visit the office of an alien bank at least once every 18 months for the purpose of examining the operation of the bank. The director will continue to have discretionary authority to conduct such examinations on a more frequent basis than this 18-month cycle.

Votes on Final Passage:

House 97 0

Senate 46 0

Effective: July 22, 2001