

AN ACT concerning financial regulation.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Illinois Banking Act is amended by changing Section 21.2 and by adding Section 21.4 as follows:

(205 ILCS 5/21.2)

Sec. 21.2. Interstate mergers; minimum age requirement.

(a) No out of state bank and no national bank whose main banking premises is located in a state other than Illinois shall merge with or into, or shall acquire all or substantially all of the assets of an Illinois bank that has existed and continuously operated as a bank for 5 years or less.

(b) For purposes of subsection (a) of this Section, an Illinois bank that is the resulting bank following a merger involving an Illinois interim bank shall be considered to have been in existence and continuously operated during the existence and continuous operation of the Illinois merged bank. As used in this subsection (b), the words "interim bank" shall mean a bank which shall not accept deposits, make loans, pay checks, or engage in the general business of banking or any part thereof, and is chartered solely for the purpose of merging with or acquiring control of, or acquiring all or substantially all of the assets of an existing Illinois bank.

(c) The provisions of subsection (a) of the Section shall not apply to the merger or acquisition of all or substantially all of the assets of an Illinois bank:

(1) if the merger or acquisition is part of a purchase or acquisition with respect to which the Federal Deposit Insurance Corporation provides assistance under Section 13(c) of the Federal Deposit Insurance Act; or

(2) if the Illinois bank is in default or in danger of default; or

(3) if the out of state bank or national bank has its main banking premises in a state that is deemed to be reciprocal with Illinois and would be eligible to establish a branch pursuant to Section 21.4 of this Act.

(Source: P.A. 90-226, eff. 7-25-97.)

(205 ILCS 5/21.4 new)

Sec. 21.4. Out-of-state banks establishing branches.

(a) No out-of-state bank and no national bank whose main banking premises is located in a state other than Illinois shall establish a branch in this State, other than a branch authorized pursuant to Section 21.1 of this Act, unless:

(1) the laws of the state in which such out-of-state bank or national bank has its main banking premises permit such out-of-state bank or national bank to establish a branch in this State;

(2) such out-of-state bank or national bank has its main banking premises in a state that permits a State bank to establish a branch in that state pursuant to terms and conditions that are deemed to be reciprocal with the provisions of this Act; and

(3) such out-of-state bank obtains a certificate of authority from, or provides notice to, the Commissioner as provided in subsection (b) of this Section.

(b) Before such out-of-state bank may establish a branch in this State, the out-of-state bank must obtain a certificate of authority from the Commissioner. The out-of-state bank must file an application for a certificate of authority on a form prescribed by the Commissioner.

The application for a certificate of authority shall not be required if the state in which the out-of-state bank is chartered permits a state bank to establish a branch in that state without filing an application. An out-of-state bank chartered in such a state may establish a branch in this State pursuant to this Section after providing the Commissioner with written notice. The Commissioner may prescribe the form of such

notice and may accept a copy of a notice or application provided by the out-of-state bank to its chartering authority or to its appropriate federal banking agency.

(c) The determination of whether the laws of the state in which such out-of-state bank or national bank has its main banking premises are reciprocal with the provisions of this Act shall be made in writing by the Commissioner. The Commissioner shall not make a finding of reciprocity unless the Commissioner determines that the laws of the other state permit a State bank to establish a branch in such other state under terms and conditions that are substantially similar to the provisions of this Section. The Commissioner shall consider, at a minimum, whether the laws of such other state discriminate in any way against a State bank and whether the laws of such other state impose administrative or regulatory burdens that are substantially more restrictive than those imposed by this Act on an out-of-state bank or national bank seeking to establish a branch in this State.

(d) After such out-of-state bank or national bank lawfully establishes a branch in this State pursuant to the provisions of this Section, such out-of-state bank or national bank may establish and maintain additional branches in this State to the same extent as a State bank. An out-of-state bank shall provide written notice to the Commissioner of its intent to establish an additional branch or branches in this State within 30 days after receiving approval from the appropriate federal banking agency to establish the branch or branches. The form of the notice shall be specified by the Commissioner.

(e) A branch of an out-of-state bank may not conduct any activity that is not authorized for a State bank.

Section 10. The Illinois Bank Holding Company Act of 1957 is amended by changing Section 3.071 as follows:

(205 ILCS 10/3.071) (from Ch. 17, par. 2510.01)

Sec. 3.071. Out of state bank holding companies.

(a) An out of state bank holding company may acquire ownership of more than 5% of the voting shares of or control of one or more Illinois banks or Illinois bank holding companies pursuant to a transaction, occurrence or event that is described in paragraphs (1) through (5) of subsection (a) of Section 3.02, provided the acquisition is made in accordance with Sections 3.02 and 3.07 of this Act in accordance with subsection (i) of this Section and provided the following conditions are met:

(1) (Blank).

(2) An out of state bank holding company seeking to acquire an Illinois bank or Illinois bank holding company pursuant to subsection (a) of Section 3.071 shall, if change in control of the bank is governed by Section 18 of the Illinois Banking Act, file with the Commissioner the application required by that Section containing information satisfactory to the Commissioner.

(b) (Blank).

(c) (Blank).

(d) (Blank).

(e) (Blank).

(f) (Blank).

(g) (Blank).

(h) (Blank).

(i) (1) An out of state bank holding company which directly or indirectly controls or has control over an Illinois bank that has existed and continuously operated as a bank for 5 years or less, may not cause the Illinois bank to merge with or into, or to have all or substantially all of the assets acquired by a bank that is an out of state bank.

(2) For purposes of subsection (i) (1) of this Section, an Illinois bank that is the resulting bank following a merger involving an Illinois interim bank shall be considered to have been in existence and continuously operated during the existence and continuous operation of the Illinois merged bank. As used in this subsection

(i)(2), the words "resulting bank" and "merged bank" shall have the meanings ascribed to those words in Section 2 of the Illinois Banking Act. As used in this subsection (i)(2), the words "interim bank" shall mean a bank which shall not accept deposits, make loans, pay checks, or engage in the general business of banking or any part thereof, and is chartered solely for the purpose of merging with or acquiring control of, or acquiring all or substantially all of the assets of an existing Illinois bank.

(3) The provisions of subsection (i)(1) of this Section shall not apply to the merger or acquisition of all or substantially all of the assets of an Illinois bank:

(i) if the merger or acquisition is part of a purchase or acquisition with respect to which the Federal Deposit Insurance Corporation provides assistance under Section 13(c) of the Federal Deposit Insurance Act; or

(ii) if the Illinois bank is in default or in danger of default. As used in this subsection (i)(3)(ii), the words "in default" and "in danger of default" shall have the meaning ascribed to those words in Section 2 of the Illinois Banking Act; or -

(iii) if the bank with which the Illinois bank is being merged or that is acquiring all or substantially all of the assets of the Illinois bank has its main banking premises in a state that is deemed to be reciprocal with Illinois and would be eligible to establish a branch pursuant to Section 21.4 of the Illinois Banking Act.

(Source: P.A. 89-208, eff. 9-29-95; 89-567, eff. 7-26-96; 90-226, eff. 7-25-97; 90-655, eff. 7-30-98.)

Section 15. The Savings Bank Act is amended by changing Section 1006 and by adding Sections 1006.05 and 1007.130 as follows:

(205 ILCS 205/1006) (from Ch. 17, par. 7301-6)

Sec. 1006. Parity.

(a) Subject to the regulation of the Commissioner and in addition to the powers granted by this Act, each savings bank operating under this Act shall possess those powers granted by regulation promulgated under the Federal Deposit Insurance Act for state savings banks.

(b) A savings bank may establish branches or offices at which savings or investments are regularly received or loans approved as follows:

(1) to the extent branch powers and offices are granted to State banks under the Illinois Banking Act;

(2) within the geographic area defined in Article 2 of this Act and subject to the provisions of Article 2 of this Act;

(3) within the same geographic areas or states as those states from which a holding company is permitted to acquire an Illinois savings bank or an Illinois savings bank holding company;

(4) to the same extent that holding companies and savings and loan associations headquartered outside the State of Illinois are allowed to operate in Illinois by virtue of Articles 1A and 2B of the Illinois Savings and Loan Act of 1985;

(5) as the result of mergers, consolidations, or bulk sales of facilities in the case of relocations; and -

(6) to the extent an out-of-state savings bank has its main banking premises in a state that is reciprocal with Illinois and would be eligible to establish a branch pursuant to Section 1006.05 of this Act.

(c) The Commissioner may adopt regulations that provide for the establishment of branches as defined by the Commissioner.

(d) Notwithstanding any other provision of this Act, a savings bank that purchases or assumes all or any part of the assets or liabilities of a bank, savings bank, or savings and

loan association or merges or consolidates with a bank, savings bank, or savings and loan association may retain and maintain the main premises or branches of the former bank, savings bank, or savings and loan association as branches of the purchasing, merging, or consolidating savings bank, provided it assumes the deposit liabilities of the bank, savings bank, or savings and loan association maintained at the main premises or branches.

(e) A savings bank has any power reasonably incident, convenient, or useful to the accomplishment of the powers conferred upon the savings bank by this Act.

(Source: P.A. 89-74, eff. 6-30-95; 90-301, eff. 8-1-97; 90-665, eff. 7-30-98.)

(205 ILCS 205/1006.05 new)

Sec. 1006.05. Out-of-state savings banks establishing branches.

(a) No out-of-state savings bank whose main banking premises is located in a state other than Illinois shall establish a branch in this State, other than a branch authorized pursuant to any other provision of this Act, unless:

(1) the laws of the state in which such out-of-state savings bank has its main banking premises permit the out-of-state savings bank to establish a branch in this State;

(2) the out-of-state savings bank has its main banking premises in a state that permits an Illinois State savings bank to establish a branch in that state pursuant to terms and conditions that are deemed to be reciprocal with the provisions of this Act; and

(3) the out-of-state savings bank obtains a certificate of authority from, or provides notice to, the Commissioner as provided in subsection (b) of this Section.

(b) Before the out-of-state savings bank may establish a branch in this State, the out-of-state savings bank must obtain a certificate of authority from the Commissioner. The out-of-state savings bank must file an application for a

certificate of authority on a form prescribed by the Commissioner.

The application for a certificate of authority shall not be required if the state in which the out-of-state savings bank is chartered permits an Illinois State savings bank to establish a branch in that state without filing an application. An out-of-state savings bank chartered in such a state may establish a branch in this State pursuant to this Section after providing the Commissioner with written notice. The Commissioner may prescribe the form of such notice and may accept a copy of a notice or application provided by the out-of-state savings bank to its chartering authority.

(c) The determination of whether the laws of the state in which the out-of-state savings bank has its main banking premises are reciprocal with the provisions of this Act shall be made in writing by the Commissioner. The Commissioner shall not make a finding of reciprocity unless the Commissioner determines that the laws of the other state permit an Illinois State savings bank to establish a branch in the other state under terms and conditions that are substantially similar to the provisions of this Section. The Commissioner shall consider, at a minimum, whether the laws of the other state discriminate in any way against an Illinois State savings bank and whether the laws of the other state impose administrative or regulatory burdens that are substantially more restrictive than those imposed by this Act on an out-of-state savings bank seeking to establish a branch in this State.

(d) After the out-of-state savings bank lawfully establishes a branch in this State pursuant to the provisions of this Section, the out-of-state savings bank may establish and maintain additional branches in this State to the same extent as an Illinois State savings bank. An out-of-state savings bank shall provide written notice to the Commissioner of its intent to establish an additional branch or additional branches in this State within 30 days after receiving approval from its chartering authority or other appropriate regulatory



agency to establish the branch or branches. The form of the notice shall be specified by the Commissioner.

(e) A branch of an out-of-state savings bank may not conduct any activity that is not authorized for an Illinois State savings bank.

(205 ILCS 205/1007.130 new)

Sec. 1007.130. Out-of-state savings bank. "Out-of-state savings bank" means a savings bank chartered under the laws of a state other than Illinois, a territory of the United States, or the District of Columbia.

Section 99. Effective date. This Act takes effect upon becoming law.