

1 AN ACT concerning financial regulation.

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

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

6 (205 ILCS 5/21.2)

7 Sec. 21.2. Interstate mergers; minimum age requirement.

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

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

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

27 (1) if the merger or acquisition is part of a purchase
28 or acquisition with respect to which the Federal Deposit
29 Insurance Corporation provides assistance under Section
30 13(c) of the Federal Deposit Insurance Act; or

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

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

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

6 (205 ILCS 5/21.4 new)

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

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

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

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

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

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

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

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

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

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

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

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

33 (205 ILCS 10/3.071) (from Ch. 17, par. 2510.01)

34 Sec. 3.071. Out of state bank holding companies.

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

10 (1) (Blank).

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

18 (b) (Blank).

19 (c) (Blank).

20 (d) (Blank).

21 (e) (Blank).

22 (f) (Blank).

23 (g) (Blank).

24 (h) (Blank).

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

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

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

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

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

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

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

31 (Source: P.A. 89-208, eff. 9-29-95; 89-567, eff. 7-26-96;
32 90-226, eff. 7-25-97; 90-655, eff. 7-30-98.)

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

1 (205 ILCS 205/1006) (from Ch. 17, par. 7301-6)

2 Sec. 1006. Parity.

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

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

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

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

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

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

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

27 (6) to the extent the Commissioner deems states to be
28 reciprocal under the provisions of Section 1006.05 of this
29 Act.

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

32 (d) Notwithstanding any other provision of this Act, a
33 savings bank that purchases or assumes all or any part of the
34 assets or liabilities of a bank, savings bank, or savings and
35 loan association or merges or consolidates with a bank, savings

1 bank, or savings and loan association may retain and maintain
2 the main premises or branches of the former bank, savings bank,
3 or savings and loan association as branches of the purchasing,
4 merging, or consolidating savings bank, provided it assumes the
5 deposit liabilities of the bank, savings bank, or savings and
6 loan association maintained at the main premises or branches.

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

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

12 (205 ILCS 205/1006.05 new)

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

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

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

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

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

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

1 Commissioner.

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

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

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

1 notice shall be specified by the Commissioner.

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

5 (205 ILCS 205/1007.130 new)

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

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