

HB0497



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0497

Introduced 2/1/2007, by Rep. Joseph M. Lyons - Bill Mitchell -
Mike Boland

SYNOPSIS AS INTRODUCED:

205 ILCS 5/21.5 new

Amends the Illinois Banking Act. Prohibits banks from establishing a branch on or adjacent to the premises of an affiliate of the bank if the affiliate engages in commercial activity that could not lawfully be conducted by a bank holding company, a financial holding company, or their subsidiaries. Provides that if an entity attempts to locate an office of an affiliate on or adjacent to the premises of the bank office or branch, then the entity must cease to operate its bank office or branch at that location. Effective immediately.

LRB095 05354 MJR 25438 b

A BILL FOR

1 AN ACT concerning 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 adding
5 Section 21.5 as follows:

6 (205 ILCS 5/21.5 new)

7 Sec. 21.5. Prohibition against establishment of branches
8 on or near the premises of commercial affiliates.

9 (a) For the purposes of this Section:

10 "Affiliate" means any company that controls a bank, any
11 company that is controlled by a bank, or any company that is
12 under common control with a bank.

13 "Bank" has the meaning ascribed to that term in the
14 Federal Deposit Insurance Act (12 U.S.C. Sec. 1813) and
15 includes any out-of-state bank.

16 "Bank holding company" and "financial holding company"
17 have the meanings ascribed to those terms in the federal Bank
18 Holding Company Act of 1956 (12 U.S.C. Sec. 1841).

19 A location is considered "adjacent to" the premises of an
20 affiliate if the location is not separated from the boundary of
21 the premises of the affiliate by real property that is owned by
22 a person or entity having no business relationship with the
23 bank or with the affiliate and that is not leased to or used by

1 the bank or affiliate.

2 (b) Notwithstanding any other provision of this Act, after
3 the effective date of this amendatory Act of the 95th General
4 Assembly, no bank may establish a branch on or adjacent to the
5 premises of an affiliate of the bank if the affiliate engages
6 in any commercial activity that could not lawfully be conducted
7 by a bank holding company, a financial holding company, or a
8 subsidiary of the bank holding company or financial holding
9 company pursuant to federal law.

10 (c) It is the intent of this Section that no entity be
11 permitted to circumvent the prohibition stated in this Section
12 by first establishing a bank office or branch and then
13 subsequently locating an office of an affiliate on or adjacent
14 to the premises of the bank office or branch. If any entity
15 attempts to locate an office of an affiliate on or adjacent to
16 the premises of the bank office or branch, the entity must
17 cease to operate its bank office or branch at a location that
18 would violate the intent of this Section.

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