

COUNCIL OF THE DISTRICT OF COLUMBIA

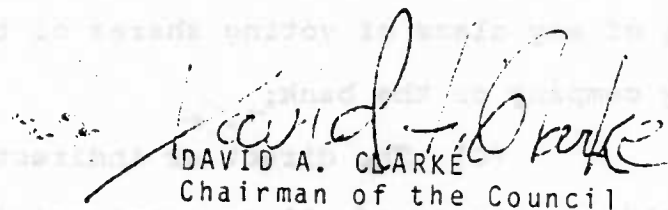
NOTICE

D.C. LAW 6-63

"District of Columbia Regional Interstate
Banking Act of 1985".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 6-126 on first and second readings, June 25, 1985, and September 10, 1985, respectively. Subsequent to the Mayor's disapproval on October 2, 1985, the Council re-enacted Bill No. 6-126 on October 8, 1985 and this legislation was assigned Act No. 6-86. The Act was published in the October 25, 1985, edition of the D.C. Register, (Vol. 32 page 5954) and transmitted to Congress on October 9, 1985 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 6-63, effective November 23, 1985.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

October 9,10,11,16,17,18,21,22,23,24,25,28,29,30,31

November 1,4,5,6,7,8,12,13,14,15,18,19,20,21,22

EFFECTIVE DATE NOV 23 1985

D.C. ACT 6 - 86

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

OCT 08 1985

To provide for regional interstate banking in the District of Columbia on a reciprocal basis.

Codification,
New chapter 8
of title 26

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "District of Columbia Regional Interstate Banking Act of 1985".

Sec. 2. Definitions.

New, D.C. Cod
sec. 26-801
(1986 supp.)

For the purposes of this act, the term:

(1) "Acquire" means:

(A) The merger or consolidation of one bank holding company with another bank holding company;

(B) The acquisition by a bank holding company of direct or indirect ownership or control of voting shares of another bank holding company or a bank, if, after the acquisition, the bank holding company making the acquisition will directly or indirectly own or control more than 5% of any class of voting shares of the other bank holding company or the bank;

(C) The direct or indirect acquisition by a bank holding company of all or substantially all of the assets of another bank holding company or of a bank; or

(D) Any other action that would result in direct or indirect control by a bank holding company of

another bank holding company or a bank.

(2) "Bank" means any "insured bank" as the term is defined in 12 U.S.C. 1813(h), or any institution eligible to become an insured bank as the term is defined therein, which, in either event:

(A) Accepts deposits that the depositor has a legal right to withdraw on demand; and

(B) Engages in the business of making commercial loans.

(3) "Bank holding company" has the meaning set forth in 12 U.S.C. 1841(a)(1).

(4) "Banking office" means any office or other location at which a bank accepts deposits. The term "banking office" shall not mean:

(A) Unmanned automatic teller machines, point of sale terminals, or other similar unmanned electronic banking facilities at which deposits may be accepted;

(B) Offices located outside the United States; or

(C) Loan production offices, representative offices, or other offices at which deposits are not accepted.

(5) "Control" has the meaning set forth in 12 U.S.C. 1841(a)(2).

(6) "Deposits" means all demand, time, and savings deposits, without regard to the location of the depositor. The term "deposits" shall not include any

deposits by banks. For purposes of this act, determination of deposits shall be made with reference to regulatory reports of conditions or similar reports made by or to state and federal regulatory authorities.

(7) "District of Columbia bank" means a bank that:

(A) Is organized under the laws of the United States or a state; and

(B) Has banking offices located only in the District of Columbia.

(8) "District of Columbia bank holding company" means a bank holding company:

(A) That has its principal place of business in the District of Columbia;

(B) The District of Columbia bank and regional bank subsidiaries of which hold more than 80% of the total deposits held by all of its bank subsidiaries, other than bank subsidiaries controlled by it in accordance with section 4; and

(C) That is not controlled by a bank holding company other than a District of Columbia bank holding company.

For purposes of determining whether a bank holding company that had a District of Columbia bank subsidiary on January 1, 1985, is and continues to be a District of Columbia bank holding company, no consideration shall be given to the deposits of any bank subsidiary located outside the region that the bank holding company controlled on

January 1, 1985.

(9) "Principal place of business" of a bank holding company means the state in which the total deposits held by the banking offices of the bank holding company's bank subsidiaries are the largest.

(10) "Region" means the District of Columbia and the states of Alabama, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

(11) "Regional bank" means a bank that:

(A) Is organized under the laws of the United States or of one of the states in the region other than the District of Columbia; and

(B) Has banking offices located only in states within the region.

(12) "Regional bank holding company" means a bank holding company:

(A) That has its principal place of business in a state within the region other than the District of Columbia;

(B) The regional bank and District of Columbia bank subsidiaries of which hold more than 80% of the total deposits held by all of its bank subsidiaries, other than bank subsidiaries controlled by it in accordance with section 4; and

(C) That is not controlled by a bank holding company other than a regional bank holding company.

For purposes of determining whether a bank holding

company that had a District of Columbia bank subsidiary on January 1, 1985, is and continues to be a regional bank holding company, no consideration shall be given to the deposits of any bank subsidiary located outside the region that the bank holding company controlled on January 1, 1985.

(13) "State" means any state of the United States or the District of Columbia.

(14) "Subsidiary" has the meaning set forth in 12 U.S.C. 1841(d).

Sec. 3. Regional bank holding company acquisitions.

New,
D.C. Code,
26-802
(1986 supp.)

(a) A regional bank holding company that does not have a District of Columbia bank subsidiary (other than a District of Columbia bank subsidiary that was acquired either pursuant to 12 U.S.C. 1730a(m) or 12 U.S.C. 1823(f), or in the regular course of securing or collecting a debt previously contracted in good faith, as provided in 12 U.S.C. 1842(a)), may acquire a District of Columbia bank holding company or a District of Columbia bank, if and only if, each of the following requirements is met:

(1) The laws of the state in which the regional bank holding company making the acquisition has its principal place of business permit the regional bank holding company to be acquired by the District of Columbia bank holding company or District of Columbia bank sought to be acquired.

(2) Either the District of Columbia bank sought to be acquired has been in existence and continuously operating for more than 2 years or all of the bank

subsidiaries of the District of Columbia bank holding company sought to be acquired have been in existence and continuously operating for more than 2 years. A regional bank holding company may acquire all or substantially all of the shares of a bank organized solely for the purpose of facilitating the acquisition of a bank that has been in existence and continuously operating as a bank for more than 2 years.

(3) The acquisition complies with any conditions, restrictions, requirements, or other limitations that would apply to the acquisition by the District of Columbia bank holding company or District of Columbia bank sought to be acquired of a bank or bank holding company located in the state where the regional bank holding company making the acquisition has its principal place of business, but that would not apply to the acquisition of a bank or bank holding company in the state by a bank holding company all the bank subsidiaries of which are located in that state.

For the purpose of paragraphs (1) and (3) of this subsection, a District of Columbia bank shall be treated as if it were a District of Columbia bank holding company.

(b) A regional bank holding company that has a District of Columbia bank subsidiary, other than a District of Columbia bank subsidiary that was acquired either pursuant to 12 U.S.C. 1730a(m) or 12 U.S.C. 1823(f), or in the regular course of securing or collecting a debt previously contracted in good faith, as provided in 12 U.S.C. 1842(a), may acquire any District of Columbia bank or

District of Columbia bank holding company pursuant to the same laws and regulations that are applicable to acquisitions of District of Columbia banks or District of Columbia bank holding companies, as the case may be, by a bank holding company all the bank subsidiaries of which are District of Columbia banks.

Sec. 4. Exceptions.

New,
D.C. Code, se
26-803
(1986 supp.)

A District of Columbia bank holding company, a District of Columbia bank, a regional bank holding company, or a regional bank may acquire or control, and shall not cease to be a District of Columbia bank holding company, a District of Columbia bank, a regional bank holding company, or a regional bank, as the case may be, by virtue of its acquisition or control of:

(1) A bank having banking offices in a state not within the region, if the bank has been acquired pursuant to the provisions of 12 U.S.C. 1730a(m) or 12 U.S.C. 1823(f);

(2) A bank having banking offices in a state not within the region, if the bank has been acquired in the regular course of securing or collecting a debt previously contracted in good faith, as provided in 12 U.S.C. 1842(a), and if the bank or bank holding company divests the securities or assets acquired within 2 years of the date of acquisition; or

(3) A bank or corporation organized under the laws of the United States or of any state and operating under 12 U.S.C. 601 or 12 U.S.C. 611-31, or a bank or bank holding company organized under the laws of a foreign

country that is principally engaged in business outside the United States and that either has no banking office in the United States or has banking offices in the United States that are engaged only in business activities permissible for a corporation operating under 12 U.S.C. 601 or sections 611-31.

Sec. 5. Council review of applications.

New,
D.C. Code, se
26-804
(1986 supp.)

(a) No later than 30 days, exclusive of days of Council recess, prior to filing an application with the Federal Reserve Board for approval of an acquisition pursuant to 12 U.S.C. 1842, a regional bank holding company or District of Columbia bank holding company that seeks to acquire a District of Columbia bank holding company or a District of Columbia bank shall file a copy of the application required to be filed with the Federal Reserve Board, accompanied by a \$4,000 fee, with the Council of the District of Columbia. The Chairman of the Council shall refer the application immediately upon its receipt to the committee of the Council which has oversight of banking regulations.

(b) Upon recommendation of the committee, the Council may adopt a resolution offering comments on the proposed acquisition, or a resolution recommending Federal Reserve Board approval or disapproval of the application and explicitly stating the reasons for the recommendation. In reviewing applications, the committee shall consider the impact of the proposed acquisition on job creation, the availability of commercial banking services locally, local

lending policies, competition among local commercial banks, and related matters. The committee may also consider past and future participation of the parties to the application in community reinvestment within the District and their compliance with applicable affirmative action guidelines.

(c) A resolution of comment, approval, or disapproval must be passed by the Council, if at all, within 30 days, exclusive of days of Council recess, after the Council's receipt of a copy of the application. If the Council fails to pass a resolution on the application within the 30-day period, it shall be deemed approved.

(d) The Secretary to the Council shall transmit a copy of any resolution passed by the Council pertaining to the application each to the applicant and the Federal Reserve Board.

(e) The applicant shall include a copy of the resolution in the application which it submits to the Federal Reserve Board.

(f) Any applicant that fails to comply with the requirements of this section shall be fined \$500 per day for each day the violation continues, but in no event shall the fine imposed by this section exceed \$5,000, except that no fine or penalty shall be assessed for failure to comply with this section if the application concerns an acquisition under circumstances constituting an emergency, in accordance with 12 U.S.C. 1842(b), or where the applicant believes, in good faith, that the application concerns such an acquisition, so long as the applicant, as soon as

practicable before or after filing with the Federal Reserve Board, files a copy of the application and any notice of approval or disapproval by the Federal Reserve Board with the Council.

(g) The fees and fines collected pursuant to this section shall be payable by certified check to the order of the D.C. Treasurer.

Sec. 6. Prohibitions.

New,
D.C. Code, se
26-805
(1986 supp.)

(a) Except as otherwise expressly permitted by applicable federal law, no bank holding company that is not either a District of Columbia bank holding company or a regional bank holding company shall acquire a District of Columbia bank holding company or a District of Columbia bank.

(b) Except as otherwise required by applicable federal law, a District of Columbia bank holding company or a regional bank holding company that ceases to be a District of Columbia bank holding company or a regional bank holding company shall as soon as practicable and, in all events, within 1 year after the event divest itself of control of all District of Columbia bank holding companies and all District of Columbia banks. Divestiture shall not be required if the District of Columbia bank holding company or the regional bank holding company ceases to be a District of Columbia bank holding company or a regional bank holding company, as the case may be, because of a increase in the deposits held by bank subsidiaries not located within the region and if the increase is not the result of an

acquisition of a bank or bank holding company.

Sec. 7. Applicable laws, rules, and regulations.

New,
D.C. Code, sec
26-806
(1986 supp.)

Any District of Columbia bank that is controlled by a bank holding company that is not a District of Columbia bank holding company shall be subject to all laws of the District of Columbia and all rules and regulations under those laws that are applicable to District of Columbia banks that are controlled by bank holding companies all the bank subsidiaries of which are District of Columbia banks.

Sec. 8. Enforcement.

New,
D.C. Code, sec
26-807
(1986 supp.)

(a) An action for equitable or any other appropriate relief to enforce the provisions of this act may be brought in any court of competent jurisdiction by:

(1) Any District of Columbia bank holding company or District of Columbia bank;

(2) Any regional bank holding company that has a District of Columbia bank subsidiary (other than a District of Columbia bank subsidiary that was acquired either pursuant to 12 U.S.C. 1730a(m) or 12 U.S.C. 1823(f), or in the regular course of securing or collecting a debt previously contracted in good faith, as provided in 12 U.S.C. 1842(a)); or

(3) The Corporation Counsel of the District of Columbia in the name of the District of Columbia.

(b) Each regional bank holding company required by section 5 to make the submission to the Council shall include in that submission a statement identifying a registered agent and registered office for the regional bank

holding company. The registered agent shall be an agent of the regional bank holding company upon whom process of law against the company may be served, and upon whom any notice or demand required or permitted by law to be served upon the company may be served. The registered agent and office may be the same as that used by the District of Columbia bank sought to be acquired. The appointment of a registered agent for purposes of this section must meet the requirements imposed on a foreign corporation's appointment of a registered agent and office by section 106 of the District of Columbia Business Corporation Act, approved June 8, 1954 (68 Stat. 222; D.C. Code, sec. 29-399.7). If the regional bank holding company fails to properly appoint or maintain a registered agent and office in the District, the Mayor shall be an agent of the regional bank holding company upon whom any process of law, notice, or demand against the regional bank holding company may be served. All matters served upon the Mayor pursuant to this section shall be handled in the same manner as matters served upon the Mayor on behalf of foreign corporations pursuant to section 108(b) and (d) of the District of Columbia Business Corporation Act, approved June 8, 1954 (68 Stat. 223; D.C. Code, sec. 29-399.9(b) & (d)). The appointment of a registered agent in accordance with this section may not be revoked or modified, except that a new one may be substituted, so long as any liability for the fines imposed by section 5 remains outstanding against the regional bank holding company. Upon satisfaction of any liability, the appointment may be

revoked or otherwise modified, unless the regional bank holding company is otherwise required by law to maintain the registered agent and office.

Sec. 9. Nonseverability.

It is the purpose of this act to facilitate orderly development of banking organizations that have banking offices in more than 1 state within the region. It is not the purpose of this act to authorize acquisitions of District of Columbia bank holding companies or District of Columbia banks by bank holding companies that do not have their principal place of business in the District of Columbia on any basis other than as expressly provided in this act. Therefore, if any portion of this act pertaining to the terms and conditions for and limitations upon acquisition of District of Columbia holding companies and District of Columbia banks by bank holding companies that do not have their principal place of business in the District of Columbia is determined to be invalid for any reason by a final nonappealable order of any District of Columbia or federal court of competent jurisdiction, then this entire act shall be null and void in its entirety and shall be of no further force or effect from the effective date of such an order. Any transaction that has been lawfully consummated pursuant to this act prior to an initial determination of invalidity shall be unaffected by such a determination.

New,
D.C. Code, sec
26-808
Note, D.C. Co
sec. 49-601
(1986 supp.)

Sec. 10. Review of impact.

(a) Three years after the effective date of this act,

New,
D.C. Code, sec
26-809
(1986 supp.)

the committee of the Council which has oversight of banking regulations shall convene a public hearing to receive testimony that will aid the committee in determining whether passage of this act:

(1) Has lead to the creation of an increased number of jobs for District residents;

(2) Has increased the availability of commercial banking services for District residents and businesses, including minority- and women-owned businesses.

(3) Has increased, or otherwise altered, local lending and investment by District of Columbia banks that have been acquired by District of Columbia or regional bank holding companies;

(4) Has led to a strengthening of the local commercial banking market; or

(5) Has otherwise benefited the residents of the District of Columbia.

(b) The committee shall use the information acquired at the hearing required by subsection (a) to determine whether the District should continue to participate in the regional reciprocal interstate banking arrangement provided for in this act and if so, for what period and to what extent. The committee may also determine whether a limit should be imposed on the number of banks or on the percentage of District deposits controlled by a single company; whether specific capitalization, employment, and location requirements should be imposed on out-of-state bank holding companies wishing to acquire District banks or bank

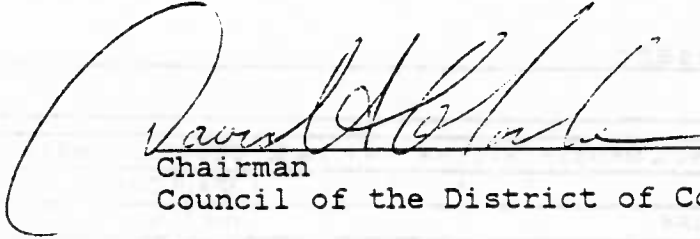
holding companies; and whether specific plans detailing how the acquiror and acquiree intend to serve deposit and credit needs of District residents should be required. As soon as practicable after conclusion of the hearing, but no later than 6 months after the hearing, the committee shall file with the Office of the Secretary a recommendation or recommendations for Council action to alter the provisions of this act, if necessary.

Sec. 11. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act,

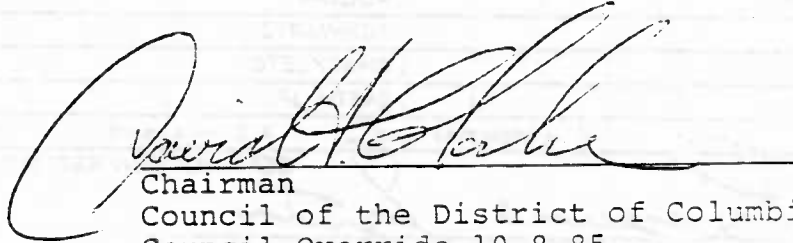
approved December 24, 1973 (87 Stat. 813; D.C. Code, sec.

1-233(c)(1)).


Chairman
Council of the District of Columbia

DISAPPROVED

Mayor
District of Columbia


Chairman
Council of the District of Columbia
Council Override 10-8-85

October 2, 1985.



COUNCIL OF THE DISTRICT OF COLUMBIA
Council Period Six — First Session

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: B 6-126

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 6-25-85

VOICE VOTE: By Majority, Members Schwartz and Smith vote present
Recorded vote on request

Absent: all present

ROLL CALL VOTE — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
MN. CLARKE					RAY					SPALDING				
AWFORD					ROLARK					WILSON				
RVIS					SCHWARTZ					WINTER				
NE					SHACKLETON									
SON					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

Rose A. Smith
Secretary to the Council

CERTIFICATION RECORD

9/13/85
Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 9-10-85

VOICE VOTE: By Majority, Member Schwartz vote present
Recorded vote on request

Absent: Winter and Wilson

ROLL CALL VOTE — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
MN. CLARKE					RAY					SPALDING				
AWFORD					ROLARK					WILSON				
RVIS					SCHWARTZ					WINTER				
NE					SHACKLETON									
SON					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

Rose A. Smith
Secretary to the Council

CERTIFICATION RECORD

9/13/85
Date

Item on Consent Calendar

ACTION & DATE: Override, 10-8-85

VOICE VOTE: _____
Recorded vote on request

Absent: _____

ROLL CALL VOTE — RESULT (9/3/1/0)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
MN. CLARKE	X				RAY		X			SPALDING	X			
AWFORD	X				ROLARK	X				WILSON	X			
RVIS	X				SCHWARTZ			X		WINTER			X	
NE	X				SHACKLETON	X								
SON	X				SMITH, JR.			X						

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

Rose A. Smith

CERTIFICATION RECORD

10/9/85