

Jensen  
Redfern  
Hynn

SSB-3053  
Commerce

Succeeded By

SF/HF 2/58

SENATE FILE

BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON JENSEN)

Passed Senate, Date \_\_\_\_\_

Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the limitation on deposits which may be held  
2 by a depository institution or holding company and  
3 establishment of a procedure for determining compliance with  
4 such limitation, providing for the Act's applicability, and  
5 providing an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 524.1802, Code 1999, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4 524.1802 LIMITATION.

5 1. For purposes of this section, unless the context  
6 otherwise requires:

7 a. "Acquisition" means any of the following:

8 (1) Obtaining direct or indirect ownership or control of  
9 more than twenty-five percent of any class of the voting  
10 shares of a depository institution.

11 (2) Obtaining the power to directly or indirectly control  
12 in any manner the election of a majority of the directors,  
13 trustees, or other persons exercising similar functions of a  
14 depository institution.

15 (3) Obtaining direct or indirect ownership or control of,  
16 or acquisition or assumption of, the deposits of a depository  
17 institution or the deposits of any branch, office, or other  
18 facility of a depository institution.

19 b. "Affiliate" of a depository institution or holding  
20 company includes a corporation, limited liability company,  
21 trust, estate, association, or other similar organization  
22 which satisfies any of the following:

23 (1) The depository institution or holding company directly  
24 or indirectly owns or controls either twenty-five percent of  
25 the voting shares or more than twenty-five percent of the  
26 number of shares voted for the election of such entity's  
27 directors, trustees, or other individuals exercising similar  
28 functions, or controls in any manner the election of a  
29 majority of its directors, trustees, or other individuals  
30 exercising similar functions.

31 (2) Control is held directly or indirectly in such entity  
32 through share ownership, or in any other manner, by the  
33 shareholders of the depository institution or holding company  
34 who own or control either twenty-five percent of the shares of  
35 such depository institution or holding company or more than

1 twenty-five percent of the number of shares voted for the  
2 election of directors, trustees, or other individuals  
3 exercising similar functions of such depository institution or  
4 holding company, or by trustees for the benefit of the  
5 shareholders of any such depository institution or holding  
6 company.

7 (3) A majority of such entity's directors, trustees, or  
8 other individuals exercising similar functions are directors  
9 of the depository institution or holding company.

10 (4) Directly or indirectly owns or controls either twenty-  
11 five percent of the voting shares of the depository  
12 institution or holding company or more than twenty-five  
13 percent of the number of shares voted for the election of  
14 directors, trustees, or other individuals exercising similar  
15 functions of the depository institution or holding company, or  
16 controls in any manner the election of a majority of the  
17 directors, trustees, or other individuals exercising similar  
18 functions of the depository institution or holding company, or  
19 for the benefit of whose shareholders or members all or  
20 substantially all of the outstanding voting shares of the  
21 depository institution or holding company is held by trustees.

22 c. "Deposit" means deposit as defined in 12 U.S.C. § 1813.

23 d. "Deposit in this state" means a deposit properly shown  
24 in a deposit report or in a statement under subsection 4,  
25 paragraph "c", "d", "h", or "i", as a deposit at a depository  
26 institution in this state or at a branch, office, or other  
27 facility of the depository institution in this state, without  
28 regard to the location of the depositor.

29 e. "Deposit report" means the annual report that  
30 identifies deposits by branch, office, or other facility and  
31 that is filed by a depository institution with the federal  
32 deposit insurance corporation or the office of thrift  
33 supervision. The date of a deposit report means the date as  
34 of which deposits are stated in the deposit report.

35 f. "Depository institution" means a depository institution

1 as defined in 12 U.S.C. § 1813.

2 g. "Holding company" means a bank holding company as  
3 defined in section 524.1801 and a savings and loan holding  
4 company as defined in 12 U.S.C. § 1467a.

5 h. "Series of acquisitions" means both of the following:

6 (1) All acquisitions made at any time after the date of  
7 the most recent available deposit report and prior to the date  
8 of a statement under subsection 4, and all acquisitions made  
9 during such time by any depository institution or holding  
10 company that is acquired by the depository institution or  
11 holding company making the statement, and all acquisitions  
12 made during such time by any such depository institution or  
13 holding company so acquired.

14 (2) All acquisitions made at any time between the dates of  
15 the two most recent available deposit reports, that are not  
16 shown on the most recent available deposit report, by a  
17 depository institution or holding company making a statement  
18 under subsection 4, and all acquisitions made during such time  
19 by any depository institution or holding company that is  
20 acquired by the depository institution or holding company  
21 making the statement, and all acquisitions made during such  
22 time by any such depository institution or holding company so  
23 acquired.

24 2. A depository institution or holding company shall not  
25 directly or indirectly acquire a depository institution or the  
26 deposits of a depository institution if any of the following  
27 apply:

28 a. The acquirer is a depository institution and, upon the  
29 acquisition, the total deposits in this state directly or  
30 indirectly controlled by the depository institution would  
31 exceed fifteen percent of the total deposits in this state, as  
32 determined under this section.

33 b. The acquirer is a holding company and, upon the  
34 acquisition, the total deposits in this state directly or  
35 indirectly controlled by the holding company would exceed

1 fifteen percent of the total deposits in this state, as  
2 determined under this section.

3 c. The acquirer is a depository institution or a holding  
4 company which is directly or indirectly owned or controlled by  
5 a holding company and, upon the acquisition, the total  
6 deposits in this state directly or indirectly controlled by  
7 the holding company which owns or controls the acquiring  
8 depository institution or holding company would exceed fifteen  
9 percent of the total deposits in this state, as determined  
10 under this section.

11 3. On or after January 1, 2000, a depository institution  
12 shall not directly or indirectly cause or permit the transfer,  
13 assignment, or other disposition of deposits, or the  
14 conversion of deposits to nondeposit investments or other  
15 nondeposit products, whether by written agreement or  
16 otherwise, for the purpose of achieving compliance with the  
17 deposit limitation set forth in subsection 2. The following  
18 transfers or conversions by a depository institution shall not  
19 be deemed to be made for the purpose of achieving such  
20 compliance:

21 a. A transfer or conversion in the ordinary course of  
22 business, such as compliance with a contract to transfer funds  
23 from deposit accounts into repurchase agreements, mutual  
24 funds, or other investments.

25 b. A transfer or conversion of deposits held in the name  
26 of an affiliate as a depositor of the depository institution.

27 c. A transfer of deposits, which are not subject to  
28 reacquisition, in an acquisition by an entity that is not an  
29 affiliate of the depository institution.

30 4. If the superintendent determines that an acquisition  
31 may involve a question of compliance with the deposit  
32 limitation set forth in subsection 2, the superintendent shall  
33 require that each depository institution and holding company  
34 involved in the acquisition submit to the superintendent a  
35 statement certified by its president, chief executive officer,

1 or chief financial officer, which states that a transfer,  
2 assignment, or other disposition of deposits prohibited by  
3 subsection 3 has not been made. The statement, in sufficient  
4 detail to permit the superintendent to make the determinations  
5 required under subsections 5 and 6, shall also set forth the  
6 following:

7 a. The total amount of deposits in this state directly or  
8 indirectly held or controlled by the depository institution  
9 making the statement, or the deposits in this state directly  
10 or indirectly held or controlled by all depository  
11 institutions that are directly or indirectly owned or  
12 controlled by the holding company, on the date of the most  
13 recent available deposit reports of the depository  
14 institutions.

15 b. If all of the deposits of a depository institution  
16 making a deposit report were directly or indirectly acquired  
17 since the date of the most recent available deposit report in  
18 an acquisition or as a result of a series of acquisitions, the  
19 statement shall set forth the amount of the deposits in this  
20 state acquired from each such other depository institution  
21 measured as of the date of the most recent available deposit  
22 report of each such depository institution made prior to the  
23 acquisition.

24 c. If less than all of the deposits of a depository  
25 institution were directly or indirectly acquired since the  
26 date of the most recent available deposit report in an  
27 acquisition or as a result of a series of acquisitions, the  
28 statement shall set forth the total amount of deposits in this  
29 state directly or indirectly acquired in such acquisitions.

30 d. The total amount of deposits in this state directly or  
31 indirectly owned or controlled by the depository institution  
32 or holding company making the statement that have been  
33 directly or indirectly transferred or assigned in a  
34 transaction since the date of the most recent available  
35 deposit report to an entity that is not an affiliate of the

1 depository institution or holding company making the  
2 statement, and that are not subject to reacquisition.

3 e. The total amount of deposits in this state set forth in  
4 paragraph "a" plus the deposits described in paragraphs "b"  
5 and "c", and less the deposits described in paragraph "d".

6 f. The total amount of deposits in this state directly or  
7 indirectly held or controlled by the depository institution  
8 making the statement, or in the case of a statement by a  
9 holding company, the total amount of deposits in this state  
10 directly or indirectly held or controlled by all depository  
11 institutions that are directly or indirectly owned or  
12 controlled by the holding company, on the date of the earlier  
13 of the two most recent available deposit reports of the  
14 depository institutions.

15 g. If all of the deposits of any other depository  
16 institution making a deposit report were acquired between the  
17 dates of the two most recent available deposit reports in an  
18 acquisition or as a result of a series of acquisitions, the  
19 statement shall set forth the amount of the deposits in this  
20 state acquired from each such other depository institution  
21 measured as of the date of the earlier of the two most recent  
22 available deposit reports of each such depository institution  
23 made prior to the acquisition.

24 h. If less than all of the deposits of any depository  
25 institution were directly or indirectly acquired between the  
26 dates of the two most recent available deposit reports in an  
27 acquisition or as a result of a series of acquisitions, the  
28 statement shall set forth the total amount of deposits in this  
29 state directly or indirectly acquired in such acquisitions.

30 i. The total amount of deposits in this state directly or  
31 indirectly owned or controlled by the depository institution  
32 or holding company making the statement that have been  
33 directly or indirectly transferred or assigned in a  
34 transaction between the dates of the two most recent available  
35 deposit reports to an entity that is not an affiliate of the

1 depository institution or holding company making the  
2 statement, and that are not subject to reacquisition.

3 j. The total amount of deposits in this state set forth in  
4 paragraph "f" plus the deposits described in paragraphs "g"  
5 and "h", and less the deposits described in paragraph "i".

6 5. The superintendent may conduct such review as the  
7 superintendent considers necessary to verify the statements  
8 submitted under subsection 4, paragraphs "a", "b", "c", and  
9 "d". The superintendent shall calculate the following  
10 fraction:

11 a. The numerator is the sum of the deposits in this state  
12 directly or indirectly owned or controlled by the depository  
13 institutions involved in the acquisition and the deposits in  
14 this state directly or indirectly owned or controlled by all  
15 other depository institutions directly or indirectly owned or  
16 controlled by a holding company involved in the acquisition,  
17 as stated in subsection 4, paragraph "e".

18 b. The denominator is the deposits in this state of all  
19 depository institutions as stated in the most recent available  
20 deposit reports.

21 6. The superintendent may conduct such review as the  
22 superintendent considers necessary to verify the statements  
23 submitted under subsection 4, paragraphs "f", "g", "h", and  
24 "i". The superintendent shall calculate the following  
25 fraction:

26 a. The numerator is the sum of the average of the deposits  
27 in this state directly or indirectly owned or controlled by  
28 the depository institutions involved in the acquisition and  
29 the deposits in this state directly or indirectly owned or  
30 controlled by all other depository institutions directly or  
31 indirectly owned or controlled by a holding company involved  
32 in the acquisition, as stated in subsection 4, paragraphs "e"  
33 and "j".

34 b. The denominator is the average of the deposits in this  
35 state of all depository institutions as stated in the two most

1 recent available deposit reports.

2 7. If the quotient determined by the calculation in either  
3 subsection 5 or 6 exceeds fifteen percent, the proposed  
4 acquisition does not comply with the limitation of subsection  
5 2.

6 EXPLANATION

7 This bill amends Code section 524.1802, which establishes a  
8 limitation on deposits in Iowa which may be held by a  
9 depository institution (a bank or savings association) or a  
10 bank or savings and loan holding company, together with all of  
11 its affiliates, by establishing the manner for the  
12 superintendent of banking to determine compliance with the  
13 limitation in the event of a proposed acquisition of a  
14 depository institution or the deposits of any branch, office,  
15 or other facility of a depository institution. The bill  
16 increases the limitation on deposits in Iowa which may be held  
17 by a depository institution or holding company, together with  
18 all of its affiliates, from 10 percent to 15 percent of the  
19 total deposits in Iowa.

20 The bill provides that if the superintendent determines  
21 that an acquisition may involve a question of compliance with  
22 the deposit limitation, each depository institution and  
23 holding company involved in the acquisition must submit to the  
24 superintendent a statement, certified by its president, chief  
25 executive officer, or chief financial officer, that no  
26 transfer, assignment, or other disposition of deposits has  
27 been made for the purpose of achieving compliance with the  
28 deposit limitation. Certain transfers of deposits are not  
29 deemed to be made for the purpose of achieving compliance with  
30 the deposit limitation.

31 The bill provides that the statement must also include  
32 deposit information sufficient to permit the superintendent to  
33 determine compliance with the deposit limitation, including  
34 all of the deposits in Iowa held by the acquiring entity,  
35 together with all of the deposits in Iowa held by all of its

1 affiliates, as stated in the two most recent available annual  
2 deposit reports filed with each institution's regulator, and  
3 all of the deposits directly or indirectly acquired by the  
4 acquiring entity, together with all of the deposits directly  
5 or indirectly acquired by all of its affiliates, in an  
6 acquisition or series of acquisitions occurring after the date  
7 of the most recent report or occurring between the dates of  
8 the two most recent reports.

9 The bill takes effect upon enactment and is retroactively  
10 applicable to January 1, 2000.

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Substituted for HJ 2219  
3-30-06 (P. 1145)

FILED FEB 14 2000

SENATE FILE 2158  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3053)

Passed Senate, Date <sup>(R270)</sup> 2/15/00 Passed House, Date <sup>(P. 1146)</sup> 3-30-00  
Vote: Ayes 43 Nays 5 Vote: Ayes 83 Nays 11  
Approved 4-14-00

A BILL FOR

1 An Act relating to the limitation on deposits which may be held  
2 by a depository institution or holding company and  
3 establishment of a procedure for determining compliance with  
4 such limitation, providing for the Act's applicability, and  
5 providing an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2158

1 Section 1. Section 524.1802, Code 1999, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4 524.1802 LIMITATION.

5 1. For purposes of this section, unless the context  
6 otherwise requires:

7 a. "Acquisition" means any of the following:

8 (1) Obtaining direct or indirect ownership or control of  
9 more than twenty-five percent of any class of the voting  
10 shares of a depository institution.

11 (2) Obtaining the power to directly or indirectly control  
12 in any manner the election of a majority of the directors,  
13 trustees, or other persons exercising similar functions of a  
14 depository institution.

15 (3) Obtaining direct or indirect ownership or control of,  
16 or acquisition or assumption of, the deposits of a depository  
17 institution or the deposits of any branch, office, or other  
18 facility of a depository institution.

19 b. "Affiliate" of a depository institution or holding  
20 company includes a corporation, limited liability company,  
21 trust, estate, association, or other similar organization  
22 which satisfies any of the following:

23 (1) The depository institution or holding company directly  
24 or indirectly owns or controls either twenty-five percent of  
25 the voting shares or more than twenty-five percent of the  
26 number of shares voted for the election of such entity's  
27 directors, trustees, or other individuals exercising similar  
28 functions, or controls in any manner the election of a  
29 majority of its directors, trustees, or other individuals  
30 exercising similar functions.

31 (2) Control is held directly or indirectly in such entity  
32 through share ownership, or in any other manner, by the  
33 shareholders of the depository institution or holding company  
34 who own or control either twenty-five percent of the shares of  
35 such depository institution or holding company or more than

1 twenty-five percent of the number of shares voted for the  
2 election of directors, trustees, or other individuals  
3 exercising similar functions of such depository institution or  
4 holding company, or by trustees for the benefit of the  
5 shareholders of any such depository institution or holding  
6 company.

7 (3) A majority of such entity's directors, trustees, or  
8 other individuals exercising similar functions are directors  
9 of the depository institution or holding company.

10 (4) Directly or indirectly owns or controls either twenty-  
11 five percent of the voting shares of the depository  
12 institution or holding company or more than twenty-five  
13 percent of the number of shares voted for the election of  
14 directors, trustees, or other individuals exercising similar  
15 functions of the depository institution or holding company, or  
16 controls in any manner the election of a majority of the  
17 directors, trustees, or other individuals exercising similar  
18 functions of the depository institution or holding company, or  
19 for the benefit of whose shareholders or members all or  
20 substantially all of the outstanding voting shares of the  
21 depository institution or holding company is held by trustees.

22 c. "Deposit" means deposit as defined in 12 U.S.C. § 1813.

23 d. "Deposit in this state" means a deposit properly shown  
24 in a deposit report or in a statement under subsection 4,  
25 paragraph "c", "d", "h", or "i", as a deposit at a depository  
26 institution in this state or at a branch, office, or other  
27 facility of the depository institution in this state, without  
28 regard to the location of the depositor.

29 e. "Deposit report" means the annual report that  
30 identifies deposits by branch, office, or other facility and  
31 that is filed by a depository institution with the federal  
32 deposit insurance corporation or the office of thrift  
33 supervision. For a depository institution not required to  
34 file an annual report that identifies deposits by branch,  
35 office, or other facility, "deposit report" means the

1 quarterly report of condition filed by the depository  
2 institution for the quarter that ends on or nearest to the  
3 date as of which deposits are stated in a deposit report that  
4 identifies deposits by branch, office, or other facility and  
5 that is required to be filed by other depository institutions  
6 having the same type of charter. The date of a deposit report  
7 means the date as of which deposits are stated in the deposit  
8 report.

9 f. "Depository institution" means a depository institution  
10 as defined in 12 U.S.C. § 1813.

11 g. "Holding company" means a bank holding company as  
12 defined in section 524.1801 and a savings and loan holding  
13 company as defined in 12 U.S.C. § 1467a.

14 h. "Series of acquisitions" means both of the following:

15 (1) All acquisitions made at any time after the date of  
16 the most recent available deposit report and prior to the date  
17 of a statement under subsection 4, and all acquisitions made  
18 during such time by any depository institution or holding  
19 company that is acquired by the depository institution or  
20 holding company making the statement, and all acquisitions  
21 made during such time by any such depository institution or  
22 holding company so acquired.

23 (2) All acquisitions made at any time between the dates of  
24 the two most recent available deposit reports, that are not  
25 shown on the most recent available deposit report, by a  
26 depository institution or holding company making a statement  
27 under subsection 4, and all acquisitions made during such time  
28 by any depository institution or holding company that is  
29 acquired by the depository institution or holding company  
30 making the statement, and all acquisitions made during such  
31 time by any such depository institution or holding company so  
32 acquired.

33 2. A depository institution or holding company shall not  
34 directly or indirectly acquire a depository institution or the  
35 deposits of a depository institution if any of the following

1 apply:

2 a. The acquirer is a depository institution and, upon the  
3 acquisition, the total deposits in this state directly or  
4 indirectly controlled by the depository institution would  
5 exceed fifteen percent of the total deposits in this state, as  
6 determined under this section.

7 b. The acquirer is a holding company and, upon the  
8 acquisition, the total deposits in this state directly or  
9 indirectly controlled by the holding company would exceed  
10 fifteen percent of the total deposits in this state, as  
11 determined under this section.

12 c. The acquirer is a depository institution or a holding  
13 company which is directly or indirectly owned or controlled by  
14 a holding company and, upon the acquisition, the total  
15 deposits in this state directly or indirectly controlled by  
16 the holding company which owns or controls the acquiring  
17 depository institution or holding company would exceed fifteen  
18 percent of the total deposits in this state, as determined  
19 under this section.

20 3. On or after January 1, 2000, a depository institution  
21 shall not directly or indirectly cause or permit the transfer,  
22 assignment, or other disposition of deposits, or the  
23 conversion of deposits to nondeposit investments or other  
24 nondeposit products, whether by written agreement or  
25 otherwise, for the purpose of achieving compliance with the  
26 deposit limitation set forth in subsection 2. The following  
27 transfers or conversions by a depository institution shall not  
28 be deemed to be made for the purpose of achieving such  
29 compliance:

30 a. A transfer or conversion in the ordinary course of  
31 business, such as compliance with a contract to transfer funds  
32 from deposit accounts into repurchase agreements, mutual  
33 funds, or other nondeposit investments.

34 b. A transfer or conversion of deposits held in the name  
35 of an affiliate as a depositor of the depository institution.

1 c. A transfer of deposits, which are not subject to  
2 reacquisition, in an acquisition by an entity that is not an  
3 affiliate of the depository institution.

4 4. If the superintendent determines that an acquisition  
5 may involve a question of compliance with the deposit  
6 limitation set forth in subsection 2, the superintendent shall  
7 require that each depository institution and holding company  
8 involved in the acquisition submit to the superintendent a  
9 statement certified by its president, chief executive officer,  
10 or chief financial officer, which states that a transfer,  
11 assignment, or other disposition of deposits prohibited by  
12 subsection 3 has not been made. The statement, in sufficient  
13 detail to permit the superintendent to make the determinations  
14 required under subsections 5 and 6, shall also set forth the  
15 following:

16 a. The total amount of deposits in this state directly or  
17 indirectly held or controlled by the depository institution  
18 making the statement, or the deposits in this state directly  
19 or indirectly held or controlled by all depository  
20 institutions that are directly or indirectly owned or  
21 controlled by the holding company, on the date of the most  
22 recent available deposit reports of the depository  
23 institutions.

24 b. If all of the deposits of a depository institution  
25 making a deposit report were directly or indirectly acquired  
26 since the date of the most recent available deposit report in  
27 an acquisition or as a result of a series of acquisitions, the  
28 statement shall set forth the amount of the deposits in this  
29 state acquired from each such other depository institution  
30 measured as of the date of the most recent available deposit  
31 report of each such depository institution made prior to the  
32 acquisition.

33 c. If less than all of the deposits of a depository  
34 institution were directly or indirectly acquired since the  
35 date of the most recent available deposit report in an

1 acquisition or as a result of a series of acquisitions, the  
2 statement shall set forth the total amount of deposits in this  
3 state directly or indirectly acquired in such acquisitions.

4 d. The total amount of deposits in this state directly or  
5 indirectly owned or controlled by the depository institution  
6 or holding company making the statement that have been  
7 directly or indirectly transferred or assigned in a  
8 transaction since the date of the most recent available  
9 deposit report to an entity that is not an affiliate of the  
10 depository institution or holding company making the  
11 statement, and that are not subject to reacquisition.

12 e. The total amount of deposits in this state set forth in  
13 paragraph "a" plus the deposits described in paragraphs "b"  
14 and "c", and less the deposits described in paragraph "d".

15 f. The total amount of deposits in this state directly or  
16 indirectly held or controlled by the depository institution  
17 making the statement, or in the case of a statement by a  
18 holding company, the total amount of deposits in this state  
19 directly or indirectly held or controlled by all depository  
20 institutions that are directly or indirectly owned or  
21 controlled by the holding company, on the date of the earlier  
22 of the two most recent available deposit reports of the  
23 depository institutions.

24 g. If all of the deposits of any other depository  
25 institution making a deposit report were acquired between the  
26 dates of the two most recent available deposit reports in an  
27 acquisition or as a result of a series of acquisitions, the  
28 statement shall set forth the amount of the deposits in this  
29 state acquired from each such other depository institution  
30 measured as of the date of the earlier of the two most recent  
31 available deposit reports of each such depository institution  
32 made prior to the acquisition.

33 h. If less than all of the deposits of any depository  
34 institution were directly or indirectly acquired between the  
35 dates of the two most recent available deposit reports in an

1 acquisition or as a result of a series of acquisitions, the  
2 statement shall set forth the total amount of deposits in this  
3 state directly or indirectly acquired in such acquisitions.

4 i. The total amount of deposits in this state directly or  
5 indirectly owned or controlled by the depository institution  
6 or holding company making the statement that have been  
7 directly or indirectly transferred or assigned in a  
8 transaction between the dates of the two most recent available  
9 deposit reports to an entity that is not an affiliate of the  
10 depository institution or holding company making the  
11 statement, and that are not subject to reacquisition.

12 j. The total amount of deposits in this state set forth in  
13 paragraph "f" plus the deposits described in paragraphs "g"  
14 and "h", and less the deposits described in paragraph "i".

15 5. The superintendent may conduct such review as the  
16 superintendent considers necessary to verify the statements  
17 submitted under subsection 4, paragraphs "a", "b", "c", and  
18 "d". The superintendent shall calculate the following  
19 fraction:

20 a. The numerator is the sum of the deposits in this state  
21 directly or indirectly owned or controlled by the depository  
22 institutions involved in the acquisition and the deposits in  
23 this state directly or indirectly owned or controlled by all  
24 other depository institutions directly or indirectly owned or  
25 controlled by a holding company involved in the acquisition,  
26 as stated in subsection 4, paragraph "e".

27 b. The denominator is the deposits in this state of all  
28 depository institutions as stated in the most recent available  
29 deposit reports.

30 6. The superintendent may conduct such review as the  
31 superintendent considers necessary to verify the statements  
32 submitted under subsection 4, paragraphs "f", "g", "h", and  
33 "i". The superintendent shall calculate the following  
34 fraction:

35 a. The numerator is the average of the sum of the deposits

1 in this state directly or indirectly owned or controlled by  
2 the depository institutions involved in the acquisition and  
3 the deposits in this state directly or indirectly owned or  
4 controlled by all other depository institutions directly or  
5 indirectly owned or controlled by a holding company involved  
6 in the acquisition, as stated in subsection 4, paragraphs "e"  
7 and "j".

8 b. The denominator is the average of the deposits in this  
9 state of all depository institutions as stated in the two most  
10 recent available deposit reports.

11 7. If the quotient determined by the calculation in either  
12 subsection 5 or 6 exceeds fifteen percent, the proposed  
13 acquisition does not comply with the limitation of subsection  
14 2.

15 Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.  
16 This Act, being deemed of immediate importance, takes effect  
17 upon enactment and is retroactively applicable to January 1,  
18 2000.

19 EXPLANATION

20 This bill amends Code section 524.1802, which establishes a  
21 limitation on deposits in Iowa which may be held by a  
22 depository institution (a bank or savings association) or a  
23 bank or savings and loan holding company, together with all of  
24 its affiliates, by establishing the manner for the  
25 superintendent of banking to determine compliance with the  
26 limitation in the event of a proposed acquisition of a  
27 depository institution or the deposits of any branch, office,  
28 or other facility of a depository institution. The bill  
29 increases the limitation on deposits in Iowa which may be held  
30 by a depository institution or holding company, together with  
31 all of its affiliates, from 10 percent to 15 percent of the  
32 total deposits in Iowa.

33 The bill provides that if the superintendent determines  
34 that an acquisition may involve a question of compliance with  
35 the deposit limitation, each depository institution and

1 holding company involved in the acquisition must submit to the  
2 superintendent a statement, certified by its president, chief  
3 executive officer, or chief financial officer, that no  
4 transfer, assignment, or other disposition of deposits has  
5 been made for the purpose of achieving compliance with the  
6 deposit limitation. Certain transfers of deposits are not  
7 deemed to be made for the purpose of achieving compliance with  
8 the deposit limitation.

9 The bill provides that the statement must also include  
10 deposit information sufficient to permit the superintendent to  
11 determine compliance with the deposit limitation, including  
12 all of the deposits in Iowa held by the acquiring entity,  
13 together with all of the deposits in Iowa held by all of its  
14 affiliates, as stated in the two most recent available annual  
15 deposit reports filed with each institution's regulator, and  
16 all of the deposits directly or indirectly acquired by the  
17 acquiring entity, together with all of the deposits directly  
18 or indirectly acquired by all of its affiliates, in an  
19 acquisition or series of acquisitions occurring after the date  
20 of the most recent report or occurring between the dates of  
21 the two most recent reports.

22 The bill takes effect upon enactment and is retroactively  
23 applicable to January 1, 2000.

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SENATE FILE 2158

AN ACT

RELATING TO THE LIMITATION ON DEPOSITS WHICH MAY BE HELD BY A DEPOSITORY INSTITUTION OR HOLDING COMPANY AND ESTABLISHMENT OF A PROCEDURE FOR DETERMINING COMPLIANCE WITH SUCH LIMITATION, PROVIDING FOR THE ACT'S APPLICABILITY, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 524.1802, Code 1999, is amended by striking the section and inserting in lieu thereof the following:

524.1802 LIMITATION.

1. For purposes of this section, unless the context otherwise requires:

a. "Acquisition" means any of the following:

(1) Obtaining direct or indirect ownership or control of more than twenty-five percent of any class of the voting shares of a depository institution.

(2) Obtaining the power to directly or indirectly control in any manner the election of a majority of the directors, trustees, or other persons exercising similar functions of a depository institution.

(3) Obtaining direct or indirect ownership or control of, or acquisition or assumption of, the deposits of a depository institution or the deposits of any branch, office, or other facility of a depository institution.

b. "Affiliate" of a depository institution or holding company includes a corporation, limited liability company, trust, estate, association, or other similar organization which satisfies any of the following:

(1) The depository institution or holding company directly or indirectly owns or controls either twenty-five percent of the voting shares or more than twenty-five percent of the number of shares voted for the election of such entity's

directors, trustees, or other individuals exercising similar functions, or controls in any manner the election of a majority of its directors, trustees, or other individuals exercising similar functions.

(2) Control is held directly or indirectly in such entity through share ownership, or in any other manner, by the shareholders of the depository institution or holding company who own or control either twenty-five percent of the shares of such depository institution or holding company or more than twenty-five percent of the number of shares voted for the election of directors, trustees, or other individuals exercising similar functions of such depository institution or holding company, or by trustees for the benefit of the shareholders of any such depository institution or holding company.

(3) A majority of such entity's directors, trustees, or other individuals exercising similar functions are directors of the depository institution or holding company.

(4) Directly or indirectly owns or controls either twenty-five percent of the voting shares of the depository institution or holding company or more than twenty-five percent of the number of shares voted for the election of directors, trustees, or other individuals exercising similar functions of the depository institution or holding company, or controls in any manner the election of a majority of the directors, trustees, or other individuals exercising similar functions of the depository institution or holding company, or for the benefit of whose shareholders or members all or substantially all of the outstanding voting shares of the depository institution or holding company is held by trustees.

c. "Deposit" means deposit as defined in 12 U.S.C. § 1813.

d. "Deposit in this state" means a deposit properly shown in a deposit report or in a statement under subsection 4, paragraph "c", "d", "h", or "i", as a deposit at a depository institution in this state or at a branch, office, or other facility of the depository institution in this state, without regard to the location of the depositor.

OF 2158

e. "Deposit report" means the annual report that identifies deposits by branch, office, or other facility and that is filed by a depository institution with the federal deposit insurance corporation or the office of thrift supervision. For a depository institution not required to file an annual report that identifies deposits by branch, office, or other facility, "deposit report" means the quarterly report of condition filed by the depository institution for the quarter that ends on or nearest to the date as of which deposits are stated in a deposit report that identifies deposits by branch, office, or other facility and that is required to be filed by other depository institutions having the same type of charter. The date of a deposit report means the date as of which deposits are stated in the deposit report.

f. "Depository institution" means a depository institution as defined in 12 U.S.C. § 1813.

g. "Holding company" means a bank holding company as defined in section 524.1801 and a savings and loan holding company as defined in 12 U.S.C. § 1467a.

h. "Series of acquisitions" means both of the following:

(1) All acquisitions made at any time after the date of the most recent available deposit report and prior to the date of a statement under subsection 4, and all acquisitions made during such time by any depository institution or holding company that is acquired by the depository institution or holding company making the statement, and all acquisitions made during such time by any such depository institution or holding company so acquired.

(2) All acquisitions made at any time between the dates of the two most recent available deposit reports, that are not shown on the most recent available deposit report, by a depository institution or holding company making a statement under subsection 4, and all acquisitions made during such time by any depository institution or holding company that is acquired by the depository institution or holding company making the statement, and all acquisitions made during such

time by any such depository institution or holding company so acquired.

2. A depository institution or holding company shall not directly or indirectly acquire a depository institution or the deposits of a depository institution if any of the following apply:

a. The acquirer is a depository institution and, upon the acquisition, the total deposits in this state directly or indirectly controlled by the depository institution would exceed fifteen percent of the total deposits in this state, as determined under this section.

b. The acquirer is a holding company and, upon the acquisition, the total deposits in this state directly or indirectly controlled by the holding company would exceed fifteen percent of the total deposits in this state, as determined under this section.

c. The acquirer is a depository institution or a holding company which is directly or indirectly owned or controlled by a holding company and, upon the acquisition, the total deposits in this state directly or indirectly controlled by the holding company which owns or controls the acquiring depository institution or holding company would exceed fifteen percent of the total deposits in this state, as determined under this section.

3. On or after January 1, 2000, a depository institution shall not directly or indirectly cause or permit the transfer, assignment, or other disposition of deposits, or the conversion of deposits to nondeposit investments or other nondeposit products, whether by written agreement or otherwise, for the purpose of achieving compliance with the deposit limitation set forth in subsection 2. The following transfers or conversions by a depository institution shall not be deemed to be made for the purpose of achieving such compliance:

a. A transfer or conversion in the ordinary course of business, such as compliance with a contract to transfer funds from deposit accounts into repurchase agreements, mutual funds, or other nondeposit investments.

b. A transfer or conversion of deposits held in the name of an affiliate as a depositor of the depository institution.

c. A transfer of deposits, which are not subject to reacquisition, in an acquisition by an entity that is not an affiliate of the depository institution.

4. If the superintendent determines that an acquisition may involve a question of compliance with the deposit limitation set forth in subsection 2, the superintendent shall require that each depository institution and holding company involved in the acquisition submit to the superintendent a statement certified by its president, chief executive officer, or chief financial officer, which states that a transfer, assignment, or other disposition of deposits prohibited by subsection 3 has not been made. The statement, in sufficient detail to permit the superintendent to make the determinations required under subsections 5 and 6, shall also set forth the following:

a. The total amount of deposits in this state directly or indirectly held or controlled by the depository institution making the statement, or the deposits in this state directly or indirectly held or controlled by all depository institutions that are directly or indirectly owned or controlled by the holding company, on the date of the most recent available deposit reports of the depository institutions.

b. If all of the deposits of a depository institution making a deposit report were directly or indirectly acquired since the date of the most recent available deposit report in an acquisition or as a result of a series of acquisitions, the statement shall set forth the amount of the deposits in this state acquired from each such other depository institution measured as of the date of the most recent available deposit report of each such depository institution made prior to the acquisition.

c. If less than all of the deposits of a depository institution were directly or indirectly acquired since the date of the most recent available deposit report in an

acquisition or as a result of a series of acquisitions, the statement shall set forth the total amount of deposits in this state directly or indirectly acquired in such acquisitions.

d. The total amount of deposits in this state directly or indirectly owned or controlled by the depository institution or holding company making the statement that have been directly or indirectly transferred or assigned in a transaction since the date of the most recent available deposit report to an entity that is not an affiliate of the depository institution or holding company making the statement, and that are not subject to reacquisition.

e. The total amount of deposits in this state set forth in paragraph "a" plus the deposits described in paragraphs "b" and "c", and less the deposits described in paragraph "d".

f. The total amount of deposits in this state directly or indirectly held or controlled by the depository institution making the statement, or in the case of a statement by a holding company, the total amount of deposits in this state directly or indirectly held or controlled by all depository institutions that are directly or indirectly owned or controlled by the holding company, on the date of the earlier of the two most recent available deposit reports of the depository institutions.

g. If all of the deposits of any other depository institution making a deposit report were acquired between the dates of the two most recent available deposit reports in an acquisition or as a result of a series of acquisitions, the statement shall set forth the amount of the deposits in this state acquired from each such other depository institution measured as of the date of the earlier of the two most recent available deposit reports of each such depository institution made prior to the acquisition.

h. If less than all of the deposits of any depository institution were directly or indirectly acquired between the dates of the two most recent available deposit reports in an acquisition or as a result of a series of acquisitions, the statement shall set forth the total amount of deposits in this state directly or indirectly acquired in such acquisitions.

i. The total amount of deposits in this state directly or indirectly owned or controlled by the depository institution or holding company making the statement that have been directly or indirectly transferred or assigned in a transaction between the dates of the two most recent available deposit reports to an entity that is not an affiliate of the depository institution or holding company making the statement, and that are not subject to reacquisition.

j. The total amount of deposits in this state set forth in paragraph "f" plus the deposits described in paragraphs "g" and "h", and less the deposits described in paragraph "i".

5. The superintendent may conduct such review as the superintendent considers necessary to verify the statements submitted under subsection 4, paragraphs "a", "b", "c", and "d". The superintendent shall calculate the following fraction:

a. The numerator is the sum of the deposits in this state directly or indirectly owned or controlled by the depository institutions involved in the acquisition and the deposits in this state directly or indirectly owned or controlled by all other depository institutions directly or indirectly owned or controlled by a holding company involved in the acquisition, as stated in subsection 4, paragraph "e".

b. The denominator is the deposits in this state of all depository institutions as stated in the most recent available deposit reports.

6. The superintendent may conduct such review as the superintendent considers necessary to verify the statements submitted under subsection 4, paragraphs "f", "g", "h", and "i". The superintendent shall calculate the following fraction:

a. The numerator is the average of the sum of the deposits in this state directly or indirectly owned or controlled by the depository institutions involved in the acquisition and the deposits in this state directly or indirectly owned or controlled by all other depository institutions directly or indirectly owned or controlled by a holding company involved

in the acquisition, as stated in subsection 4, paragraphs "e" and "j".

b. The denominator is the average of the deposits in this state of all depository institutions as stated in the two most recent available deposit reports.

7. If the quotient determined by the calculation in either subsection 5 or 6 exceeds fifteen percent, the proposed acquisition does not comply with the limitation of subsection 2.

Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2000.

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2158, Seventy-eighth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved 4/14, 2000

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THOMAS J. VILSACK  
Governor