

Bradley, Ch
Racker
Johnson
Cataldo
Wise

HSB 586
COMMERCE AND REGULATION

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE AND REGULATION
BILL BY CHAIRPERSON METCALF)

SUCCESS
SF/HF

Passed House, Date _____ Passed Senate, 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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Substitute for by SF 2158 3/16/00 Unfinished Business Calendar
3-30-00
(P.1145)

FEB 11 2000
Place On Calendar

HOUSE FILE **2219**
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 586)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

WITHDRAWN

3-30-00 (P.1145)

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.

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

HOUSE FILE 2219

H-8067

1 Amend House File 2219 as follows:
2 1. Page 8, by inserting after line 14, the
3 following:
4 "Sec. ____ . EFFECTIVE DATE AND RETROACTIVE
5 APPLICABILITY. This Act, being deemed of immediate
6 importance, takes effect upon enactment, and is
7 retroactively applicable to January 1, 2000."
8 2. Title page, line 4, by inserting after the
9 word "limitation" the following: ", providing for the
10 Act's applicability, and providing an effective date".

By BRADLEY of Clinton

H-8067 FILED FEBRUARY 28, 2000

adopted
3-30-00
(P.1145)

HF 2219

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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 ~~IN ANY MANNER~~ Obtaining 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 EXPLANATION

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

29 The bill provides that if the superintendent determines
30 that an acquisition may involve a question of compliance with
31 the deposit limitation, each depository institution and
32 holding company involved in the acquisition must submit to the
33 superintendent a statement, certified by its president, chief
34 executive officer, or chief financial officer, that no
35 transfer, assignment, or other disposition of deposits has

1 been made for the purpose of achieving compliance with the
2 deposit limitation. Certain transfers of deposits are not
3 deemed to be made for the purpose of achieving compliance with
4 the deposit limitation.

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

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