

Financial Institutions & Insurance

HB 1036

Brief Description: Investigating alien banks.

Sponsors: Representatives Benson and Hatfield.

Brief Summary of Bill

- *Requires the Director of the Department of Financial Institutions to examine the operation of alien banks at least once every eighteen months.*

Hearing Date: 1/23/01

Staff: Thamas Osborn (786-7129).

Background:

State Law requires the Director of the Department of Financial Institutions (the Department) to visit the office of an alien bank– at least once every year for the purpose of examining the operation of the bank. More frequent examinations may be conducted by the Director, at his discretion. An alien bank– is defined as any bank which is organized under the laws of a foreign country and has its principle place of business in that country.

The Federal Reserve, together with other federal banking agencies, has issued a joint rule that will make some branches and some agencies of foreign banks eligible for an eighteen month examination cycle. The Department conducts its examinations of foreign banks in coordination with its federal regulatory agency counterparts. The Department has proposed making state law consistent with the rules governing the examination of alien banks by these federal banking agencies

Summary of Bill:

The Director of the Department of Financial Institutions is required to visit the office of an alien bank at least once every eighteen months for the purpose of examining the operation of the bank.

The Director will continue to have discretionary authority to conduct such examinations on a more frequent basis than the eighteen month cycle required by the proposed amendment.

***Effective Date:* Ninety days after adjournment of session in which bill is passed.**

***Appropriation:* None.**

***Fiscal Note:* Available.**