

TRANSMITTAL OF RULES ADOPTED

FROM: Department of General Administration, Division of Banking
(Name of Agency)

TO: CODE REVISER
LEGISLATIVE BLDG (Southwest Corner, Ground Floor)
Olympia 98501

The enclosed Permanent rules , being order No. 23
Emergency rules

relating to (Name of rules or description of subject matter)

NEW Chapter 50-32 WAC. Alien bank regulations. Purpose, Definitions, Application Procedure, Examination - Frequency - Scope, Fees, Records, Reports. Adoption of Forms. Appendices.

(ALTERNATIVE A. Use only for adoption of permanent rules)

pursuant to Notice No. 4186^① filed with the code reviser on 8/6/73^② were regularly adopted as permanent rules of this agency at Olympia, Washington on 8/14/73 and are herewith filed in the office of the code reviser pursuant to chapter 34.04 RCW. The effective date of such rules shall be 9/14/73^③

(ALTERNATIVE B. Use only for adoption of emergency rules)

pursuant to its finding that the immediate adoption of these rules is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to the public interest, were regularly adopted as emergency rules of this agency at _____ on _____ and are herewith filed in the office of the code reviser pursuant to chapter 34.04 RCW.

The undersigned hereby certifies that the requirements of chapter 34.04 RCW and of the Open Public Meetings Act of 1971, chapter 42.30 RCW (1971 ex.s. c 250) have been fulfilled.

Dated this 14th day of August 1973
STATE OF WASHINGTON
FILED
AUG 14 1973
CODE REVISER'S OFFICE
DOCKET # 5733 FILE # 111
Department of General Administration
Division of Banking
(AGENCY)
By William L. Hart,
Supervisor of Banking
Title

- ① NOTICE NUMBER AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE NO. OF LAST NOTICE)
- ② STAMPED DATE AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE DATE OF LAST NOTICE)
- ③ UNLESS A LATER DATE IS SPECIFIED IN THIS ORDER OR IS PRESCRIBED IN ANOTHER STATUTE, RULES ARE EFFECTIVE 30 DAYS AFTER FILING: RCW 34.04.040. LEAVE THIS SPACE BLANK EXCEPT IN SUCH SPECIAL CASES.

STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
DIVISION OF BANKING

ADMINISTRATIVE ORDER NO. 23

(1) I, William L. Hart, Supervisor, Division of Banking, Department of General Administration, an agency of the State of Washington, by virtue of the authority vested in me under chapter 34.04 RCW, RCW 43.19.040, sections 6, 8, 9, 10, 14, 21, 22, 26 and 32 of chapter 53, Laws of 1973, 1st ex. sess., and chapter 53, Laws of 1973, 1st ex. sess., after filing Notices No. 4146 and 4186 with the Code Reviser, and mailing the notices to all persons who had made timely requests of the Division of Banking and of the Department of General Administration for advance notice of its rulemaking proceedings, and giving public notice as provided in chapter 42.30 RCW, held a meeting open to the public at the Office of the Supervisor of Banking, 111B General Administration Building, Olympia, Washington, on August 14, 1973, and after considering all written and oral comments, do promulgate and adopt the annexed rules and regulations, to wit: NEW WAC Chapter 50-32, as permanent rules of this agency.

(2) This order, after being first recorded in the Order Register of this agency, shall be forwarded to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

APPROVED AND ADOPTED ON August 14, 1973.

By William L. Hart
WILLIAM L. HART, Supervisor
Division of Banking
Department of General Administration

NEW

WAC 50-32-010 PURPOSE. The purpose of this chapter is to ensure compliance with and provide the rules and regulations necessary to administer the provisions and requirements of chapter 53, Laws of 1973, 1st ex. sess.

NEW

WAC 50-32-020 DEFINITIONS. For purposes of these rules and regulations, the following terms are defined as:

- (1) ACT - chapter 53, Laws of 1973, 1st ex. sess.
- (2) APPLICATION- "Application" means an application of an alien bank to the Supervisor of Banking for a Certificate of Authority to establish and operate an agency, branch or bureau in the State of Washington.
- (3) DOMICILIARY COUNTRY - "Domiciliary country" means the foreign country under the laws of which the alien bank is organized.
- (4) FISCAL YEAR - "Fiscal year" means the fiscal year of the alien bank.
- (5) DEPOSITARY - "Depositary" shall mean a bank with its principal place of business within the State of Washington selected by the alien bank and approved by the Supervisor of Banking, for the deposit of the cash or liquid assets required by sections 7 and 12 of the act.
- (6) RULES AND REGULATIONS - "Rules and regulations" means all of Title 50 WAC. Alien banks in conducting authorized banking business shall be subject to such rules and regulations under the same terms and conditions as applied to banks organized under the laws of this state to the extent that such rules and regulations as applied to alien banking operations are consistent with the intent and purposes of the alien bank act and subject to limitations and restrictions imposed by these alien bank rules and regulations.
- (7) SECTION - Section numbers referred to herein are those found in chapter 53, Laws of 1973, 1st ex. sess.

NEW

WAC 50-32-030 APPLICATION PROCEDURE. An application by an alien bank to establish and operate an office or bureau in the State of Washington shall be made on the form prescribed in Appendices 1, 2 or 3, whichever is applicable.

An application shall not be deemed complete if, in the opinion of the supervisor, the applicant has not supplied all of the required information or the information supplied is deficient. After receipt of the completed application, the supervisor shall conduct his required investigation.

(1) Office. The supervisor shall notify the applicant of denial or conditional approval of an application for a certificate for an agency or branch within 180 days of his receipt of the completed application.

If the application for a certificate for an agency or branch is conditionally approved, the applicant must supply the following documents executed by the governing board and properly sworn to before a U. S. Consular Official within 60 days of notification.

- (a) Appointment of the supervisor of banking as agent
- (b) Designation of bank's agent for service in Washington
- (c) Letter of guaranty
- (d) Appointment of depositary(ies)
- (e) Certificate of allocation and assignment of capital

(f) Depositary agreements for assigned and allocated capital
(g) A power of attorney in favor of the person designated to be in charge of the business and affairs of the office.

The applicant shall also provide proof of fidelity bond coverage and the oath of the managing officer of the Washington office.

After receipt of these documents and after the supervisor is satisfied that all statutory requirements have been met, he shall issue his certificate.

(2) Bureau. The supervisor shall notify the applicant of denial or approval of an application for a certificate for a bureau within 90 days of his receipt of the completed application. If the application is approved, the certificate will be issued forthwith.

NEW WAC 50-32-040 EXAMINATION - FREQUENCY -SCOPE. The accountant selected to audit the books of account of an alien office shall be an independent accountant licensed to practice by the State of Washington and who is not an employee, officer, or holder of the securities of the alien bank or its subsidiaries. Such accountant must have knowledge and experience with respect to auditing books of international corporations. A resume' of such accountant wherein the knowledge and experience is set forth must accompany the alien bank's request that such accountant be approved by the supervisor of banking. The report of such independent accountant shall be based upon an audit made in accordance with generally accepted auditing standards without limitation on its scope and shall be unqualified.

NEW WAC 50-32-050 FEES. (1) The fees to accompany the filing of an application and attendant investigation are prescribed in WAC 50-12-040, as now or hereafter amended.

(2) Cost of examination. The examination fees charged to an alien bank for the examination of an office or bureau shall be the estimated actual cost of each examination calculated under the same terms and conditions as for state chartered banks and trust companies.

NEW WAC 50-32-060 RECORDS AND BOOKS OF ACCOUNT. Records and books of account of an alien bank office shall be kept as though the Washington office was conducted as a separate and distinct entity with its assets and liabilities entirely separate and apart from other operations of its head office and its subsidiaries or affiliated corporations. Books and accounts shall be maintained, where possible, as are the books and accounts of banks chartered by the state of Washington, to:

- (1) Facilitate the preparation of required reports of condition.
- (2) Facilitate the preparation of the required report of income.

NEW WAC 50-32-070 BRANCH RECORDS. An alien branch shall:

- (1) Identify United States domiciled creditors
- (2) Segregate and maintain controls for:
 - (a) Demand deposits.
 - (b) Time deposits.

72 § - 070

There seemed to be something
missing in this section after
"2)B" and before "for" first word
on this page however, the content
contained the agency and it is
as intended

3/21/74
LLB

(Docket # 5133 / File # III)

for each class of depositors specified and authorized in section 11(1)(i) through (vii) of the act.

(3) Maintain loan records and controls to:

(a) Identify loan customers as to types as restricted by section 11(2)(a)(i) through (iv) of the act.

(b) Specify the purpose of each loan or guarantee with respect to the restrictions imposed by section 11(2)(b)(i), (ii) and (iii) of the act.

(c) Organize and maintain credit files, including appropriate comments relative to (a) and (b) above and to demonstrate the credit worthiness and standing of the customer.

(4) Maintain credit files to reflect the credit worthiness or rating of assets held as required or authorized by sections 7 and 12(2) of the act.

(5) Establish and maintain controls to reflect at all times that liquid assets held in accordance with the requirements of section 12(2) of the act are not less than one hundred eight percent of the aggregate amount of liabilities of the alien bank payable at or through its Washington office.

(6) Establish and maintain controls to reflect maintenance of additional capital equal to not less than ten percent of deposit liabilities.

NEW

WAC 50-32-080 AGENCY RECORDS. With consideration to the statutory requirements imposed upon an approved agency of an alien bank by section 18 of the act, an agency shall maintain controls and records relating to the making of loans and guaranteeing obligations for the financing of the international movement of goods and services and for all operational needs including working capital and short-term operating needs and for the acquisition of fixed assets to:

(a) Readily identify the customer and basis upon which the loan or guaranty was granted;

(b) The purpose and terms of such loan or guaranty; and

(c) The precise manner in which the business of the customer is directly related to the international movement of goods and services.

NEW

WAC 50-32-090 REPORTS - Required Reports. Each alien bank shall file the following periodic reports relating to the financial condition of the office:

(1) Examination (audit) report by an accountant approved by the supervisor as of the last business day of the fiscal year as prescribed by section 14 of the act.

(2) Reports of resources and liabilities as required by banks chartered by the state of Washington as prescribed by RCW 30.08-.180 and 30.18.190, together with proof of publication. An agency need not publish such reports.

(3) Annual report of income on calendar year basis as a special report as required of banks chartered by the state of Washington (RCW 30.08.190).

APPLICATION FOR CERTIFICATE AUTHORIZING AN ALIEN BANK
TO ESTABLISH AND OPERATE A BRANCH IN THE STATE OF
WASHINGTON

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98501

The _____, with its head
(Applicant alien bank)

office and principal place of business located at _____
(Domiciliary

Country) hereby initiates this application for certificate

authorizing the establishment and operation of a branch to be located

_____ in the City of _____
County of _____, State of Wash-
ington.

The _____ is incorporated,
(Bank)

chartered or otherwise authorized to conduct a banking business under
the laws of _____ We enclose
(Domiciliary Country)

a verified copy of the resolution adopted by the bank's governing
body properly sworn to before a U. S. Consular Official, authorizing

the filing of this application and designating the officer(s) who
is/are to sign this application and provide the material required

hereby authorizing the payment of fees required by law or regulation,
and designating the managing officer(s) of the proposed branch. We

enclose a bank draft for \$1,500.00 to apply upon the statutory cost
of investigation. If the cost of investigation to be made exceeds

\$1,500.00 we agree to pay such excess in accordance with WAC 50-12-040
together with such other costs and fees as may be legally required

by statute or regulation.

Correspondence, instructions, requests for information, reports, etc., should be addressed:

Head Office

Proposed Branch

To expedite the statutory investigation the following information, schedules, certifications, resume's, etc., are furnished:

(a) Name of present Chief Executive Officer _____
_____ and Name of the Secretary _____

(b) The bank's fiscal year ends _____.

(c) (English translation): Four (4) certified copies of the most recent edition of the bank's certificate of authority or other legal authorization of your country to conduct a banking business and the bank's articles of incorporation.

(d) Date of certificate of authority or its equivalent under which presently operating _____ and expiration date, or duration, of the certificate of authority or its equivalent _____.

(e) Capital structure at end of last fiscal year:
(i.e.: equity capital, surplus, undivided profits, unallocated or contingency reserves).

(f) Two copies of last available statement of condition.

(g) Statement of object and purpose or purposes which bank proposes to pursue in the transaction of business in the State of Washington.

(h) Copy of (English translation where applicable) laws of domiciliary country under which applicant bank is organized which permits a bank with its principal place of business in the State of Washington to establish in that foreign country a branch, agency or similar operation. Attached to a copy of such laws shall be either

(a) an opinion of counsel (a member of the bar in the foreign country under whose laws the applicant is organized), including references to or extracts from relevant statutes, if any, to the effect that a bank with its principal place of business in the State of Washington may be permitted to establish and maintain in such foreign country a branch, agency or similar operation, or (b) a certificate of an official of the applicant's country who is authorized under its laws to issue a license to a bank with its principal place of business in the State of Washington to maintain either a branch or agency, to the effect he is so authorized.

(i) An opinion of counsel for the applicant (a member of the bar in the foreign country under whose laws the applicant is organized) to demonstrate that this application to establish a branch is in compliance with local laws. Such opinion should state that (a) the applicant's charter authorizes it to carry on the business contemplated by the application, (b) the applicant has conducted, and is now conducting, its business as authorized by the charter and by-laws in compliance with the laws of its country of incorporation, and (c) the making of the application is in compliance with the laws of the country of incorporation.

(j) Letter or certificate from banking authorities of domiciliary country granting permission to the applicant to apply for a branch in this state.

(k) Furnished herewith:

(1) Name, title and resume' for each officer of the proposed branch in Washington.

(2) Confidential financial statement for the managing officer of the proposed branch in Washington.

(l) Deposit projections for the first three years of operations:

I. Highest deposit totals anticipated by end of first year of operations of the proposed branch \$ _____

II. Highest deposit totals anticipated by end of second year of operations of the proposed branch \$ _____

III. Highest deposit totals anticipated by the end of the third year of operations of the proposed branch \$ _____.

(m) Indicate whether eligible deposit liabilities of the branch in the State of Washington will be covered by the insurance protection of the Federal Deposit Insurance Corporation _____.
(yes or no)

(n) Outline of background information in support of application.

(o) Copy of option or conditional lease on proposed branch site.

(p) A verified or authenticated copy of the bank's by-laws.

EXECUTED at _____,

for the _____,
(Bank)

this _____ day of _____, 19__.

(By the bank's chief executive officer) * _____

(and the secretary of the banking corporation) * _____

Bank Seal

*Please type name and official title under the signatures.

APPENDIX #2

APPLICATION FOR CERTIFICATE AUTHORIZING AN ALIEN BANK TO ESTABLISH AND OPERATE AN AGENCY IN THE STATE OF WASHINGTON

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98504

The _____ with its
(Applicant alien bank)

head office and principal place of business located at _____

_____ hereby initiates this application
(Domiciliary Country)

for certificate authorizing the establishment and operation of an agency to be located _____ in the City of _____, County of _____, State of Washington.

The _____, is incorporated,
(Bank)

chartered or otherwise authorized to conduct a banking business under the laws of _____.
(Domiciliary Country)

We enclose a verified copy of the resolution adopted by the bank's governing board, properly sworn to before a U. S. Consular Official, authorizing the filing of this application and designating the officer(s) who is (are) to sign this application and provide the material required * _____ authorizing the payment of fees required by law or regulat- _____ designating the managing officer(s) of the proposed agency. We enclose a bank draft for \$1,500.00 to apply upon the statutory cost of investigation. If the cost of investigation to be made exceeds \$1,500.00 we agree to pay such excess in accordance with WAC 50-12-040 together with such other costs and fees as may be legally required by statute or regulation.

Correspondence, instructions, requests for information, reports, etc., should be addressed:

Head Office

Proposed Agency

To expedite the statutory investigation, the following information, schedules, certifications, resume's, etc., are furnished:

(a) Name of present Chief Executive Officer _____
_____ and Name of the Secretary _____

(b) The bank's fiscal year ends _____.

(c) Four (4) certified copies (English translation where applicable) of the most recent edition of the bank's certificate of authority or other legal authorization of your country to conduct a banking business and the bank's articles of incorporation.

(d) Date of certificate of authority or its equivalent under which presently operating _____
and expiration date, or duration, of the certificate of authority or its equivalent _____.

(e) Capital structure at end of last fiscal year:
(i.e., equity capital, surplus, undivided profits, unallocated or contingency reserves).

(f) Two (2) copies of last available statement of condition.

(g) Statement of object and purpose or purposes which bank proposes to pursue in the transaction of business in the State of Washington.

(h) Copy of (English translation where applicable) laws of domiciliary country under which applicant bank is organized which permits a bank with its principal place of business in the State of Washington to establish in that foreign country a branch, agency

of similar operation. Attached to a copy of such laws shall be either (a) an opinion of counsel (a member of the bar in the foreign country under whose laws the applicant is organized), including references to or extracts from relevant statutes, if any, to the effect that a bank with its principal place of business in the State of Washington may be permitted to establish and maintain in such foreign country a branch, agency or similar operation, or (b) a certificate of an official of the applicant's country who is authorized under its laws to issue a license to a bank with its principal place of business in the State of Washington to maintain either a branch or agency, to the effect he is so authorized.

(i) An opinion of counsel for the applicant (a member of the bar in the foreign country under whose laws the applicant is organized) to demonstrate that this application to establish an agency is in compliance with local laws. Such opinion should state that (a) the applicant's charter authorizes it to carry on the business contemplated by the application, (b) the applicant has conducted, and is now conducting, its business as authorized by the charter and by-laws in compliance with the laws of its country of incorporation, and (c) the making of the application is in compliance with the laws of the country of incorporation.

(j) Letter or certificate from banking authorities of domiciliary country granting permission to the applicant to apply for an agency in this state.

(k) Furnished herewith:

(1) Name, title and resume' for each officer of the proposed agency in Washington.

(2) Confidential financial statement of the managing officer of the proposed agency in Washington.

(l) Outline of background information in support of application.

(m) Copy of option or conditional lease on proposed agency site.

(n) A verified or authenticated copy of the bank's by-laws.

EXECUTED at _____,

for the _____,
(Bank)

this _____ day of _____, 19__.

(By the bank's chief executive officer) * _____

(and the secretary of the banking entity) * _____

Bank Seal

*Please type name and official title under the signatures.

APPENDIX #3

APPLICATION FOR CERTIFICATE AUTHORIZING AN ALIEN BANK
TO ESTABLISH AND OPERATE A BUREAU IN THE STATE OF
WASHINGTON

(To be filed in duplicate)

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98504

The _____, with its
(Applicant alien bank)

head office and principal place of business located at _____

_____, hereby initiates this application for
(Domiciliary Country)

for certificate authorizing the establishment and operation of a
bureau to be located _____ in the
City of _____, County of _____
_____, State of Washington.

The _____ is incorporated,
(Bank)

chartered or otherwise authorized to conduct a banking business
under the laws of _____
(Domiciliary Country)

We enclose a verified copy of the resolution, adopted _____
_____ by the bank's governing board,
specifically empowering its President (or Chief Executive Officer)
and the bank's Secretary (or equivalent officer) to execute this
application, pay the fees required by law or regulation, provide
such information and furnish such reports and enter into such agree-
ments as may be necessary.

Correspondence, instructions, and requests for information,
reports, etc., should be addressed:

Head Office

Proposed Bureau

To expedite the statutory investigation, the following information, schedules, documents, etc., are furnished:

(a) Name of present Chief Executive Officer _____
_____ and name of the Secretary _____.

(b) The bank's fiscal year ends _____.

(c) (English translation) Four (4) certified copies of most recent edition of the bank's certificate of authority or other legal authorization of your country to conduct an international banking business and the bank's articles of incorporation.

(d) Date of certificate of authority or its equivalent under which presently operating _____ and expiration date, or duration, of the certificate of authority or its equivalent _____.

(e) Capital structure at end of last fiscal year: (i.e., equity capital, surplus or rest accounts, undivided profits, unallocated or contingency reserves).

(f) Two (2) copies of last available statement of condition.

(g) Statement of object, purpose and activities which bank proposes to pursue the establishment and operation of a bureau in this state at the place designated herein.

Enclosed is a bank draft for \$300.00 to apply upon the statutory cost of investigation. If the cost of investigation to be made exceeds \$300.00, we agree to pay such excess in accordance with WAC 50-12-040 together with such other costs and fees as may be legally required by state or regulation.

EXECUTED in duplicate at _____

for the _____
(Legal name of applicant bank)

this _____ day of _____, 19__.

(By the chief executive officer) * _____

(and the Secretary of the banking corporation) * _____

Bank Seal

*Please type name and official position under signature.