



# Senate

General Assembly

**File No. 167**

January Session, 2009

Substitute Senate Bill No. 617

*Senate, March 25, 2009*

The Committee on Banks reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING BRANCHING AND AUTHORITY TO  
IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-3 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 Other definitions applying to this title or to specified parts thereof  
4 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 and 36a-615.
- T5 "Advertise" or "advertisement". Section 36a-485.
- T6 "Agency bank". Section 36a-285.
- T7 "Alternative mortgage loan". Section 36a-265.
- T8 "Amount financed". Section 36a-690.
- T9 "Annual percentage rate". Section 36a-690.

- T10 "Annual percentage yield". Section 36a-316.
- T11 "Annuities". Section 36a-455a.
- T12 "Applicant". Section 36a-736.
- T13 "APR". Section 36a-746a.
- T14 "Assessment area". Section 36a-37.
- T15 "Assets". Section 36a-70, as amended by this act.
- T16 "Associate". Section 36a-184.
- T17 "Associated member". Section 36a-458a.
- T18 "Bank". Section 36a-30.
- T19 "Bankers' bank". Section 36a-70, as amended by this act.
- T20 "Banking business". Section 36a-425.
- T21 "Basic services". Section 36a-437a.
- T22 "Billing cycle". Section 36a-565.
- T23 "Bona fide nonprofit organization". Section 36a-655.
- T24 "Branch". Sections 36a-145, as amended by this act, 36a-410 and 36a-  
T25 435b.
- T26 "Branch office". Section 36a-485.
- T27 "Branch or agency net payment entitlement". Section 36a-428n.
- T28 "Branch or agency net payment obligation". Section 36a-428n.
- T29 "Broker". Section 36a-746a.
- T30 "Business and industrial development corporation". Section  
T31 36a-626.
- T32 "Business and property in this state". Section 36a-428n.
- T33 "Capital". Section 36a-435b.
- T34 "Cash advance". Section 36a-564.
- T35 "Cash price". Section 36a-770.
- T36 "Certificate of incorporation". Section 36a-435b.
- T37 "CHFA loan". Section 36a-760.
- T38 "Closely related activities". Sections 36a-250 and 36a-455a.
- T39 "Collective managing agency account". Section 36a-365.
- T40 "Commercial vehicle". Section 36a-770.
- T41 "Community bank". Section 36a-70, as amended by this act.
- T42 "Community credit union". Section 36a-37.
- T43 "Community development bank". Section 36a-70, as amended by this  
T44 act.

- T45 "Community reinvestment performance". Section 36a-37.
- T46 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T47 "Consolidate". Section 36a-145, as amended by this act.
- T48 "Construction loan". Section 36a-458a.
- T49 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T50 "Consumer Credit Protection Act". Section 36a-676.
- T51 "Consumer debtor" and "debtor". Sections 36a-645 and
- T52 36a-800.
- T53 "Consumer collection agency". Section 36a-800.
- T54 "Consummation". Section 36a-746a.
- T55 "Controlling interest". Section 36a-276.
- T56 "Conventional mortgage rate". Section 36a-760.
- T57 "Corporate". Section 36a-435b.
- T58 "Credit". Sections 36a-645 and 36a-676.
- T59 "Credit manager". Section 36a-435b.
- T60 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- T61 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T62 "Credit clinic". Section 36a-700.
- T63 "Credit rating agency". Section 36a-695.
- T64 "Credit report". Section 36a-695.
- T65 "Credit sale". Section 36a-676.
- T66 "Credit union service organization". Section 36a-435b.
- T67 "Credit union service organization services". Section 36a-435b.
- T68 "De novo branch". Section 36a-410.
- T69 "Debt". Section 36a-645.
- T70 "Debt adjustment". Section 36a-655.
- T71 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T72 "Debt securities". Sections 36a-275 and 36a-459a.
- T73 "Debtor". Section 36a-655.
- T74 "Deliver". Section 36a-316.
- T75 "Deposit". Section 36a-316.
- T76 "Deposit account". Section 36a-316.
- T77 "Deposit account charge". Section 36a-316.
- T78 "Deposit account disclosures". Section 36a-316.
- T79 "Deposit contract". Section 36a-316.

- T80 "Deposit services". Section 36a-425.
- T81 "Depositor". Section 36a-316.
- T82 "Director". Section 36a-435b.
- T83 "Earning period". Section 36a-316.
- T84 "Electronic payment instrument". Section 36a-596.
- T85 "Eligible collateral". Section 36a-330.
- T86 "Eligible entity". Section 36a-34, as amended by this act.
- T87 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T88 "Equity security". Sections 36a-276 and 36a-459a.
- T89 "Executive officer". Sections 36a-263 and 36a-469c.
- T90 "Expedited Connecticut bank". Section 36a-70, as amended by this act.
- T91 "Federal Credit Union Act". Section 36a-435b.
- T92 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T93 "FHA loan". Section 36a-760.
- T94 "Fiduciary". Section 36a-365.
- T95 "Filing fee". Section 36a-770.
- T96 "Finance charge". Sections 36a-690 and 36a-770.
- T97 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
- T98 36a-330, 36a-435b, 36a-736 and 36a-755.
- T99 "Financial records". Section 36a-41.
- T100 "First mortgage loan". Sections 36a-485, 36a-705, 36a-715 and
- T101 36a-725.
- T102 "Foreign banking corporation". Section 36a-425.
- T103 "Fully indexed rate". Section 36a-760b.
- T104 "General facility". Section 36a-580.
- T105 "Global net payment entitlement". Section 36a-428n.
- T106 "Global net payment obligation". Section 36a-428n.
- T107 "Goods". Sections 36a-535 and 36a-770.
- T108 "Graduated payment mortgage loan". Section 36a-265.
- T109 "Guardian". Section 36a-365.
- T110 "High cost home loan". Section 36a-746a.
- T111 "Holder". Section 36a-596.
- T112 "Home banking services". Section 36a-170.
- T113 "Home banking terminal". Section 36a-170.
- T114 "Home improvement loan". Section 36a-736.

- T115 "Home purchase loan". Section 36a-736.
- T116 "Home state". Section 36a-410.
- T117 "Immediate family member". Section 36a-435b.
- T118 "Insider". Section 36a-454b.
- T119 "Installment loan contract". Sections 36a-535 and 36a-770.
- T120 "Insurance". Section 36a-455a.
- T121 "Insurance bank". Section 36a-285.
- T122 "Insurance department". Section 36a-285.
- T123 "Interest". Section 36a-316.
- T124 "Interest rate". Section 36a-316.
- T125 "Interim interest". Section 36a-746a.
- T126 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T127 "Lessor". Section 36a-676.
- T128 "License". Section 36a-626.
- T129 "Licensee". Sections 36a-596 and 36a-626.
- T130 "Limited branch". Section 36a-145, as amended by this act.
- T131 "Limited facility". Section 36a-580.
- T132 "Loan broker". Section 36a-615.
- T133 "Loss". Section 36a-330.
- T134 "Made in this state". Section 36a-770.
- T135 "Main office". Section 36a-485.
- T136 "Managing agent". Section 36a-365.
- T137 "Manufactured home". Section 36a-457b.
- T138 "Material litigation". Section 36a-596.
- T139 "Member". Section 36a-435b.
- T140 "Member business loan". Section 36a-458a.
- T141 "Member in good standing". Section 36a-435b.
- T142 "Membership share". Section 36a-435b.
- T143 "Mobile branch". [Section] Sections 36a-145, as amended by this act,
- T144 and 36a-435b.
- T145 "Money order". Section 36a-596.
- T146 "Money transmission". Section 36a-365.
- T147 "Mortgage". Section 36a-760g.
- T148 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T149 "Mortgage correspondent lender". Section 36a-485.

- T150 "Mortgage insurance". Section 36a-725.
- T151 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T152 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b,
- T153 36a-485 and 36a-736.
- T154 "Mortgage loan originator". Section 36a-485.
- T155 "Mortgage rate lock-in". Section 36a-705.
- T156 "Mortgage servicing company". Section 36a-715.
- T157 "Mortgagor". Section 36a-715.
- T158 "Motor vehicle". Section 36a-770.
- T159 "Multiple common bond membership". Section 36a-435b.
- T160 "Municipality". Section 36a-800.
- T161 "Net outstanding member business loan balance". Section 36a-458a.
- T162 "Net worth". Sections 36a-441a, 36a-458a and 36a-596.
- T163 "Network". Section 36a-155.
- T164 "Nonprime home loan". Section 36a-760.
- T165 "Nonrefundable". Section 36a-498.
- T166 "Note account". Sections 36a-301 and 36a-456b.
- T167 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T168 "Officer". Section 36a-435b.
- T169 "Open-end credit plan". Section 36a-676.
- T170 "Open-end line of credit". Section 36a-760.
- T171 "Open-end loan". Section 36a-565.
- T172 "Organization". Section 36a-800.
- T173 "Out-of-state holding company". Section 36a-410.
- T174 "Outstanding". Section 36a-596.
- T175 "Passbook savings account". Section 36a-316.
- T176 "Payment instrument". Section 36a-596.
- T177 "Periodic statement". Section 36a-316.
- T178 "Permissible investment". Section 36a-596.
- T179 "Person". Section 36a-184.
- T180 "Post". Section 36a-316.
- T181 "Prepaid finance charge". Section 36a-746a.
- T182 "Prime quality". Section 36a-596.
- T183 "Principal amount of the loan". Section 36a-485.
- T184 "Processor". Section 36a-155.

- T185 "Public deposit". Section 36a-330.
- T186 "Purchaser". Section 36a-596.
- T187 "Qualified financial contract". Section 36a-428n.
- T188 "Qualified public depository" and "depository". Section 36a-330.
- T189 "Real estate". Section 36a-457b.
- T190 "Records". Section 36a-17.
- T191 "Related person". Section 36a-53.
- T192 "Relocate". Sections 36a-145, as amended by this act, and 36a-462a.
- T193 "Residential property". Section 36a-485.
- T194 "Resulting entity". Section 36a-34, as amended by this act.
- T195 "Retail buyer". Sections 36a-535 and 36a-770.
- T196 "Retail credit transaction". Section 42-100b.
- T197 "Retail installment contract". Sections 36a-535 and 36a-770.
- T198 "Retail installment sale". Sections 36a-535 and 36a-770.
- T199 "Retail seller". Sections 36a-535 and 36a-770.
- T200 "Reverse annuity mortgage loan". Section 36a-265.
- T201 "Sales finance company". Sections 36a-535 and 36a-770.
- T202 "Savings department". Section 36a-285.
- T203 "Savings deposit". Section 36a-316.
- T204 "Secondary mortgage loan". Section 36a-485.
- T205 "Security convertible into a voting security". Section 36a-184.
- T206 "Senior management". Section 36a-435b.
- T207 "Share". Section 36a-435b.
- T208 "Simulated check". Section 36a-485.
- T209 "Single common bond membership". Section 36a-435b.
- T210 "Special mortgage". Section 36a-760c.
- T211 "Social purpose investment". Section 36a-277.
- T212 "Standard mortgage loan". Section 36a-265.
- T213 "Table funding agreement". Section 36a-485.
- T214 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T215 "The Savings Bank Life Insurance Company". Section 36a-285.
- T216 "Time account". Section 36a-316.
- T217 "Travelers check". Section 36a-596.
- T218 "Troubled Connecticut credit union". Section 36a-448a.
- T219 "Unsecured loan". Section 36a-615.

T220 "Warehouse agreement". Section 36a-485.

5 Sec. 2. Subsection (b) of section 36a-14 of the general statutes is  
6 repealed and the following is substituted in lieu thereof (*Effective*  
7 *October 1, 2009*):

8 (b) The commissioner shall annually report to the Governor and the  
9 joint standing committee [on] of the General Assembly having  
10 cognizance of matters relating to banks on (1) the commissioner's  
11 administration of interstate banking pursuant to part I of chapter 666;  
12 and (2) the issuance of final certificates of authority to expedited  
13 Connecticut banks pursuant to section 36a-70, as amended by this act.

14 Sec. 3. Subsection (a) of section 36a-21 of the general statutes is  
15 repealed and the following is substituted in lieu thereof (*Effective*  
16 *October 1, 2009*):

17 (a) Notwithstanding any provision of state law and except as  
18 provided in subsection (b) of this section, the following records of the  
19 Department of Banking shall not be disclosed by the commissioner or  
20 any employee of the Department of Banking, or be subject to public  
21 inspection or discovery:

22 (1) Examination and investigation reports and information  
23 contained in or derived from such reports, including examination  
24 reports prepared by the commissioner or prepared on behalf of or for  
25 the use of the commissioner;

26 (2) Confidential supervisory or investigative information obtained  
27 from a state, federal or foreign regulatory or law enforcement agency;  
28 [and]

29 (3) Information obtained, collected or prepared in connection with  
30 examinations, inspections or investigations, and complaints from the  
31 public received by the Department of Banking, if such records are  
32 protected from disclosure under federal or state law or, in the opinion  
33 of the commissioner, such records would disclose, or would

34 reasonably lead to the disclosure of: (A) Investigative information the  
35 disclosure of which would be prejudicial to such investigation, until  
36 such time as the investigation and all related administrative and legal  
37 actions are concluded; (B) personal or financial information, including  
38 account or loan information, without the written consent of the person  
39 or persons to whom the information pertains; or (C) information that  
40 would harm the reputation of any person or affect the safety and  
41 soundness of any person whose activities in this state are subject to the  
42 supervision of the commissioner, and the disclosure of such  
43 information under this subparagraph would not be in the public  
44 interest; and

45 (4) Information obtained, collected or prepared in connection with  
46 the organization of an expedited Connecticut bank prior to the  
47 issuance of a final certificate of authority to commence the business of  
48 a Connecticut bank pursuant to section 36a-70, as amended by this act.

49 Sec. 4. Section 36a-34 of the general statutes is repealed and the  
50 following is substituted in lieu thereof (*Effective from passage*):

51 (a) As used in subsection (b) of this section:

52 (1) "Eligible entity" means any entity that (A) received a composite  
53 rating of one or two under the Uniform Financial Institutions Rating  
54 System as a result of its most recent safety and soundness examination;  
55 (B) received a compliance rating of one or two on its most recent  
56 compliance examination; (C) received a satisfactory or better rating on  
57 its most recent community reinvestment performance evaluation; (D)  
58 is well capitalized in that it (i) has a total risk-based capital ratio of ten  
59 per cent or greater; (ii) has a tier one risk-based capital ratio of six per  
60 cent or greater; (iii) has a tier one leverage capital ratio of five per cent  
61 or greater; and (iv) is not subject to any written agreement, order,  
62 capital directive or prompt corrective action directive issued pursuant  
63 to Section 8 or 38 of the Federal Deposit Insurance Act, 12 USC 1818  
64 and 12 USC 1831o, respectively, as amended from time to time, the  
65 International Lending Supervision Act, 12 USC 3907, as amended from  
66 time to time, the Home Owners' Loan Act, 12 USC 1461, as amended

67 from time to time, or any regulation thereunder, to meet and maintain  
68 a specific capital level for any capital measure; (E) is not subject to a  
69 cease and desist order, consent order, prompt correction action  
70 directive, written agreement, memorandum of understanding or other  
71 administrative agreement with its primary state or federal banking  
72 regulator; and (F) is not subject to any formal or informal  
73 administrative action by its primary state or federal banking regulator.

74 [(1)] (2) "Entity" means the applicant or applicants except, in the case  
75 of an approval pursuant to section 36a-411, "entity" means the  
76 subsidiaries of the applicant holding company.

77 [(2) "Resulting entity" means: (A) In the case of an approval  
78 pursuant to section 36a-145 and subdivision (2) of subsection (a) of  
79 section 36a-412, the applicant; (B) in the case of an approval pursuant  
80 to section 36a-125, the resulting Connecticut bank; (C) in the case of an  
81 approval pursuant to section 36a-181, the Connecticut bank; (D) in the  
82 case of an approval pursuant to section 36a-411, the bank to be  
83 acquired or established; and (E) in the case of an approval pursuant to  
84 subdivision (1) of subsection (a) of section 36a-412, the bank to be  
85 acquired or the resulting bank.]

86 (3) "Federal CRA" shall have the same meaning as set forth in  
87 subsection (a) of section 36a-30.

88 (4) "Resulting entity" means: (A) In the case of an approval pursuant  
89 to section 36a-145, as amended by this act, and subdivision (2) of  
90 subsection (a) of section 36a-412, the applicant; (B) in the case of an  
91 approval pursuant to section 36a-125, the resulting Connecticut bank;  
92 (C) in the case of an approval pursuant to section 36a-181, the  
93 Connecticut bank; (D) in the case of an approval pursuant to section  
94 36a-411, the bank to be acquired or established; and (E) in the case of  
95 an approval pursuant to subdivision (1) of subsection (a) of section  
96 36a-412, the bank to be acquired or the resulting bank.

97 (b) The commissioner shall not grant any approval under section  
98 36a-125, subsections (b), (c) and (d) of section 36a-145, as amended by

99 this act, section 36a-181, section 36a-411 or subdivisions (1) and (2) of  
100 subsection (a) of section 36a-412 unless the commissioner finds, in  
101 accordance with regulations adopted pursuant to chapter 54, that (1)  
102 based on the most recent applicable performance evaluation and any  
103 related information required by the commissioner, the entity has a  
104 record of compliance with the requirements of federal CRA, sections  
105 36a-30 to 36a-33, inclusive, to the extent applicable, and applicable  
106 consumer protection laws; and (2) except as otherwise provided in this  
107 subsection, if the entity, and in the case of an approval pursuant to  
108 section 36a-411, the bank or any subsidiary bank of the Connecticut  
109 holding company, received any overall rating other than an assigned  
110 rating of "outstanding" on its most recent applicable community  
111 reinvestment performance evaluation, the resulting entity will provide  
112 adequate services to meet the banking needs of all community  
113 residents, including low-income residents and moderate-income  
114 residents to the extent permitted by its charter, in accordance with a  
115 plan submitted by the applicant to the commissioner, in such form and  
116 containing such information as the commissioner may require, or, if  
117 acceptable to the commissioner, in accordance with an approved  
118 strategic plan prepared under federal CRA, or the relevant portion  
119 thereof, that is submitted by the applicant to the commissioner. Upon  
120 receiving any such plan, the commissioner shall make the plan  
121 available for public inspection and comment at the Department of  
122 Banking and cause notice of its submission and availability for  
123 inspection and comment to be published in the department's weekly  
124 bulletin. With the concurrence of the commissioner, the applicant or  
125 applicants shall publish, in the form of a legal advertisement in a  
126 newspaper having a substantial circulation in the area, notice of such  
127 plan's submission and availability for public inspection and comment.  
128 The notice shall state that the inspection and comment period will last  
129 for a period of thirty days from the date of publication. The  
130 commissioner shall not make such finding until the expiration of such  
131 thirty-day period. In making such finding, the commissioner shall,  
132 unless clearly inapplicable, consider, among other factors, whether the  
133 plan identifies specific unmet credit and consumer banking needs in

134 the local community and specifies how such needs will be satisfied,  
135 provides for sufficient distribution of banking services among  
136 branches or satellite devices, or both, located in low-income  
137 neighborhoods, contains adequate assurances that banking services  
138 will be offered on a nondiscriminatory basis and demonstrates a  
139 commitment to extend credit for housing, small business and  
140 consumer purposes in low-income neighborhoods. The submission of  
141 such plan shall not be required in the case of an approval under  
142 subsection (d) of section 36a-145, as amended by this act, provided, the  
143 commissioner may require the filing of such information in lieu of a  
144 plan as the commissioner deems appropriate. If the commissioner  
145 determines that an applicant is an eligible entity, the commissioner  
146 may (A) exempt such applicant from the requirement that such  
147 applicant file a plan, or (B) require such information in lieu of a plan as  
148 the commissioner deems appropriate. Except with respect to an  
149 approval pursuant to [sections] section 36a-145, as amended by this  
150 act, and section 36a-181, the commissioner shall not approve the  
151 transaction if the transaction would result in a monopoly, or would be  
152 in furtherance of any combination or conspiracy to monopolize or  
153 attempt to monopolize the business of banking in this state or if the  
154 commissioner determines that the effect of the proposed transaction  
155 may be to substantially lessen competition, or would tend to create a  
156 monopoly, or would be in restraint of trade, unless the commissioner  
157 finds that the anticompetitive effects of the proposed transaction are  
158 clearly outweighed in the public interest by the probable effect of the  
159 transaction in meeting the convenience and needs of the community to  
160 be served.

161 (c) The commissioner shall not make a determination stating that  
162 the commissioner does not disapprove an offer, invitation, request,  
163 agreement or acquisition pursuant to section 36a-185 unless the  
164 commissioner finds, in accordance with regulations adopted pursuant  
165 to chapter 54, that (1) based on the most recent applicable performance  
166 evaluation and any related information required by the commissioner,  
167 the acquiring person, if such person is a bank or out-of-state bank, and  
168 the acquiring person's subsidiaries, if such person is a holding

169 company, has a record of compliance with the requirements of federal  
170 CRA, sections 36a-30 to 36a-33, inclusive, to the extent applicable, and  
171 applicable consumer protection laws; and (2) except as otherwise  
172 provided in this subsection, if the bank or any banking subsidiary of  
173 the holding company referred to in the acquisition statement received  
174 any overall rating other than an assigned rating of "outstanding" on its  
175 most recent applicable community reinvestment performance  
176 evaluation, such bank or banking subsidiary will provide adequate  
177 services to meet the banking needs of all community residents,  
178 including low-income residents and moderate-income residents to the  
179 extent permitted by its charter or their charters. If the acquiring person  
180 is not a natural person, or if the acquiring person is a natural person  
181 who would be the beneficial owner of twenty-five per cent or more of  
182 any class of voting securities of the bank or holding company referred  
183 to in the acquisition statement, the finding as to the adequacy of  
184 services to be provided shall be based on a plan submitted by the  
185 acquiring person to the commissioner, in such form and containing  
186 such information as the commissioner may require, or, if acceptable to  
187 the commissioner, in accordance with an approved strategic plan  
188 prepared under federal CRA, or the relevant portion thereof, that is  
189 submitted by the acquiring person to the commissioner. Upon  
190 receiving any such plan, the commissioner shall make the plan  
191 available for public inspection and comment at the Department of  
192 Banking and cause notice of its submission and availability for  
193 inspection and comment to be published in the department's weekly  
194 bulletin. With the concurrence of the commissioner, the acquiring  
195 person shall publish, in the form of a legal advertisement in a  
196 newspaper having a substantial circulation in the area, notice of such  
197 plan's submission and availability for public inspection and comment.  
198 The notice shall state that the inspection and comment period will last  
199 for a period of thirty days from the date of publication. The  
200 commissioner shall not make such finding until the expiration of such  
201 thirty-day period. In making such finding, the commissioner shall  
202 consider, among other factors, whether the plan identifies specific  
203 unmet credit and consumer banking needs in the local community and

204 specifies how such needs will be satisfied, provides for sufficient  
205 distribution of banking services among branches or satellite devices, or  
206 both, located in low-income neighborhoods, contains adequate  
207 assurances that banking services will be offered on a  
208 nondiscriminatory basis and demonstrates a commitment to extend  
209 credit for housing, small business and consumer purposes in low-  
210 income neighborhoods. The commissioner may exempt an acquiring  
211 person from the requirement that such acquiring person file a plan if  
212 the commissioner determines that the bank or banking subsidiary  
213 referred to in the acquisition statement is an eligible entity. If the  
214 acquiring person is a natural person who would be the beneficial  
215 owner of less than twenty-five per cent of all classes of voting  
216 securities of the bank or holding company referred to in the acquisition  
217 statement, the commissioner shall make the finding as to adequacy of  
218 services to be provided based on the commitment of the acquiring  
219 person to use the acquiring person's best efforts to cause such bank or  
220 banking subsidiaries of such holding company to provide such  
221 services. The commissioner shall not make a determination stating that  
222 the commissioner does not disapprove such offer, invitation, request,  
223 agreement or acquisition if such offer, invitation, request, agreement or  
224 acquisition would result in a monopoly, or would be in furtherance of  
225 any combination or conspiracy to monopolize or attempt to  
226 monopolize the business of banking in this state or if the commissioner  
227 should determine that the effect of the proposed offer, invitation,  
228 request, agreement or acquisition may be to substantially lessen  
229 competition, or would tend to create a monopoly, or would be in  
230 restraint of trade, unless the commissioner finds that the  
231 anticompetitive effects of the proposed transaction are clearly  
232 outweighed in the public interest by the probable effect of the  
233 transaction in meeting the convenience and needs of the community to  
234 be served.

235 Sec. 5. Subdivision (1) of subsection (d) of section 36a-65 of the  
236 general statutes is repealed and the following is substituted in lieu  
237 thereof (*Effective October 1, 2009*):

238 (d) (1) The fee for investigating and processing each application is as  
239 follows:

240 (A) Establishment of (i) a branch under subdivision (1) of subsection  
241 (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under  
242 subdivision (1) of subsection (d) of section 36a-145, one thousand five  
243 hundred dollars; (iii) a limited branch under subdivision (1) of  
244 subsection (c) of section 36a-145, one thousand five hundred dollars;  
245 (iv) a special need limited branch under subdivision (4) of subsection  
246 (c) of section 36a-145, as amended by this act, five hundred dollars; (v)  
247 an out-of-state branch under subsection (j) of section 36a-145, a  
248 reasonable fee not to exceed two thousand dollars from which any fees  
249 paid to a state other than this state or to a foreign country in  
250 connection with the establishment shall be deducted; and (vi) an out-  
251 of-state limited or mobile branch under subsection (j) of section 36a-  
252 145, a reasonable fee not to exceed one thousand five hundred dollars  
253 from which any fees paid to a state other than this state or to a foreign  
254 country in connection with the establishment shall be deducted.

255 (B) Sale of (i) a branch under subsection (i) of section 36a-145, two  
256 thousand dollars, except there shall be no fee for the sale of a branch of  
257 a Connecticut bank to another Connecticut bank or to a Connecticut  
258 credit union; and (ii) a limited branch, including a special need limited  
259 branch or mobile branch under subsection (i) of section 36a-145, a fee  
260 not to exceed one thousand five hundred dollars.

261 (C) Relocation of (i) a main office of a Connecticut bank under  
262 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
263 or a limited branch under subsection (g) of section 36a-145, five  
264 hundred dollars.

265 (D) Conversions from (i) a branch to a limited branch under  
266 subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited  
267 branch to a branch under subdivision (3) of subsection (b) of section  
268 36a-145, five hundred dollars.

269 (E) Merger or consolidation involving a Connecticut bank under

270 section 36a-125 or subsection (a) of section 36a-126, two thousand five  
271 hundred dollars if two institutions are involved and five thousand  
272 dollars if three or more institutions are involved.

273 (F) Acquisition of assets or business under section 36a-210, two  
274 thousand five hundred dollars.

275 (G) Organization of a holding company under section 36a-181, two  
276 thousand five hundred dollars.

277 (H) Organization of any Connecticut bank under section 36a-70, as  
278 amended by this act, including the conditional preliminary approval  
279 for an expedited bank, fifteen thousand dollars, except no fee shall be  
280 required for the organization of an interim Connecticut bank.

281 (I) Reorganization of a mutual savings bank or mutual savings and  
282 loan association into a mutual holding company under section 36a-192,  
283 five thousand dollars.

284 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
285 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two  
286 thousand five hundred dollars; and (iii) section 36a-139b, fifteen  
287 thousand dollars.

288 (K) Acquiring, altering or improving real estate for present or future  
289 use in the business of the bank or purchasing real estate adjoining any  
290 parcel of real estate owned by the bank under subdivision (33) of  
291 subsection (a) of section 36a-250, five hundred dollars, except that no  
292 fee shall be charged for such application if it is filed in connection with  
293 an application to relocate a main office of a Connecticut bank under  
294 subsection (a) of section 36a-81 or establish (i) a branch in this state  
295 under subdivision (1) of subsection (b) of section 36a-145, as amended  
296 by this act, (ii) a limited branch in this state under subdivision (1) of  
297 subsection (c) of section 36a-145, as amended by this act, or (iii) a  
298 branch or limited branch outside of this state under subsection (j) of  
299 section 36a-145, as amended by this act.

300 (L) Investigation and processing an interstate banking transaction

301 application filed under section 36a-411 or 36a-412, two thousand five  
302 hundred dollars, unless the transaction otherwise requires an  
303 investigation and processing fee under this section.

304 (M) Issuance of a final certificate of authority for an expedited  
305 Connecticut bank, except for a conditional preliminary approval,  
306 fifteen thousand dollars.

307 Sec. 6. Subsection (p) of section 36a-70 of the general statutes is  
308 repealed and the following is substituted in lieu thereof (*Effective*  
309 *October 1, 2009*):

310 (p) (1) One or more persons may organize an interim Connecticut  
311 bank solely [(1)] (A) for the acquisition of an existing bank, whether by  
312 acquisition of stock, by acquisition of assets, or by merger or  
313 consolidation, or [(2)] (B) to facilitate any other corporate transaction  
314 authorized by this title in which the commissioner has determined that  
315 such transaction has adequate regulatory supervision to justify the  
316 organization of an interim Connecticut bank. Such interim Connecticut  
317 bank shall not accept deposits or otherwise commence business.  
318 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)  
319 of this section shall not apply to the organization of an interim bank,  
320 provided the commissioner may, in the commissioner's discretion,  
321 order a hearing under subsection (e) or require that the organizers  
322 publish or mail the proposed certificate of incorporation or both. The  
323 approving authority for an interim Connecticut bank shall be the  
324 commissioner acting alone. If the approving authority determines that  
325 the organization of the interim Connecticut bank complies with  
326 applicable law, the approving authority shall issue a temporary  
327 certificate of authority conditioned on the approval by the appropriate  
328 supervisory agency of the corporate transaction for which the interim  
329 Connecticut bank is formed.

330 (2) (A) Notwithstanding any provision of this title, for the period  
331 from October 1, 2009, to September 30, 2011, inclusive, one or more  
332 persons may apply to the commissioner for the conditional  
333 preliminary approval of an expedited Connecticut bank organized

334 primarily for the purpose of assuming liabilities and purchasing assets  
335 from the Federal Deposit Insurance Corporation when the Federal  
336 Deposit Insurance Corporation is acting as receiver or conservator of  
337 an insured depository institution. The person or persons organizing an  
338 expedited Connecticut bank shall execute, acknowledge and file with  
339 the commissioner an application to organize. Such application shall be  
340 made on a form acceptable to the commissioner and shall contain  
341 sufficient information for the commissioner to evaluate (i) the amount,  
342 type and sources of capital that would be available to the bank; (ii) the  
343 ownership structure and holding companies, if any, over the bank; (iii)  
344 the identity, biographical information and banking experience of each  
345 of the initial organizers and prospective initial directors, senior  
346 executive officers and any individual, group or proposed shareholders  
347 of the bank that will own or control ten per cent or more of the stock of  
348 the bank; (iv) the overall strategic plan of the organizers and investors  
349 for the bank; and (v) a preliminary business plan outlining intended  
350 product and business lines, retail branching plans and capital, earnings  
351 and liquidity projections. The commissioner, acting alone, shall grant  
352 conditional preliminary approval of such application to organize if the  
353 commissioner determines that the organizers have available sufficient  
354 committed funds to invest in the bank; the organizers and proposed  
355 directors possess capacity and fitness for the duties and responsibilities  
356 with which they will be charged; the proposed bank charter has a  
357 reasonable chance of success and will be operated in a safe and sound  
358 manner; and the fee for investigating and processing the application  
359 has been paid in accordance with subparagraph (H) of subdivision (1)  
360 of subsection (d) of section 36a-65, as amended by this act. Such  
361 preliminary approval shall be subject to such conditions as the  
362 commissioner deems appropriate, including the requirements that the  
363 bank not commence the business of a Connecticut bank until after its  
364 bid or application for a particular insured depository institution is  
365 accepted by the Federal Deposit Insurance Corporation, that the  
366 background checks are satisfactory, and that the organizers submit, for  
367 the safety and soundness review by the commissioner, more detailed  
368 operating plans and current financial statements as potential

369 acquisition transactions are considered, and such plans and statements  
370 are satisfactory to the commissioner. The commissioner may alter,  
371 suspend or revoke the conditional preliminary approval if the  
372 commissioner deems any interim development warrants such action.  
373 The conditional preliminary approval shall expire eighteen months  
374 from the date of approval, unless extended by the commissioner, if the  
375 bank has not commenced business and consummated an initial  
376 acquisition.

377 (B) The commissioner shall not issue a final certificate of authority  
378 to commence the business of a Connecticut bank until all conditions  
379 and preopening requirements and applicable state and federal  
380 regulatory requirements have been met and the fee for assuming  
381 liabilities and purchasing assets has been paid in accordance with  
382 subparagraph (M) of subdivision (1) of subsection (d) of section 36a-65,  
383 as amended by this act. The commissioner may waive any requirement  
384 under this title or regulations adopted under this title that is necessary  
385 for the consummation of a bank acquisition involving an expedited  
386 Connecticut bank if the commissioner finds that such waiver is  
387 advisable and in the interest of depositors or the public, provided the  
388 commissioner shall not waive the requirement that the institution's  
389 insurable accounts or deposits be federally insured. Any such waiver  
390 granted by the commissioner under this subparagraph shall be in  
391 writing and shall set forth the reason or reasons for the waiver. The  
392 commissioner may impose conditions on the final certificate of  
393 authority as the commissioner deems necessary to ensure that the bank  
394 will be operated in a safe and sound manner. The commissioner shall  
395 cause notice of the issuance of the final certificate of authority to be  
396 published in the department's weekly bulletin.

397 Sec. 7. Subsection (a) of section 36a-110 of the general statutes is  
398 repealed and the following is substituted in lieu thereof (*Effective*  
399 *October 1, 2009*):

400 (a) Except for dividends payable in shares of its capital stock, no  
401 capital stock Connecticut bank shall declare a dividend on its capital

402 stock except from its net profits, unless the bank has received the prior  
403 approval of the commissioner. As used in this subsection, "net profits"  
404 means the remainder of all earnings from current operations. The total  
405 of all dividends declared by such bank in any calendar year shall not,  
406 unless specifically approved by the commissioner, exceed the total of  
407 its net profits of that year combined with its retained net profits of the  
408 preceding two years.

409 Sec. 8. Section 36a-145 of the general statutes is repealed and the  
410 following is substituted in lieu thereof (*Effective from passage*):

411 (a) As used in this section:

412 (1) "Branch" means any office at a fixed location of a Connecticut  
413 bank, other than the main office, at which deposits are received, checks  
414 paid and money lent and which, at a minimum, is open for banking  
415 business Monday through Friday, except as provided in subsection (a)  
416 of section 36a-23.

417 (2) "Commercial activities" means activities in which a bank holding  
418 company, as defined in 12 USC 1841(a)(1), a financial holding  
419 company, as defined in 12 USC 1841(p), a national banking association  
420 established under 12 USC 21, or a financial subsidiary of a national  
421 bank established under 12 USC 24a, may not engage under federal  
422 law.

423 (3) "Consolidate" means to combine within the same neighborhood,  
424 without substantially affecting the nature of the business or customers  
425 served, (A) two or more branches into a single branch; (B) one or more  
426 branches and one or more limited branches into a single branch or  
427 limited branch; (C) two or more limited branches into a single limited  
428 branch; or (D) one or more branches or limited branches into a main  
429 office.

430 (4) "Limited branch" means any office at a fixed location of a  
431 Connecticut bank at which banking business is conducted other than  
432 the main office, branch or mobile branch.

433 (5) "Mobile branch" means any office of a Connecticut bank at which  
434 banking business is conducted which is in fact moved or transported  
435 to one or more predetermined locations in accordance with a  
436 predetermined schedule.

437 (6) "Relocate" means to move within the same immediate  
438 neighborhood without substantially affecting the nature of the  
439 business or customers served.

440 (b) (1) With the approval of the commissioner, any Connecticut  
441 bank may establish a branch in this state. The commissioner shall not  
442 approve the establishment of a branch under this subsection unless the  
443 commissioner considers whether: (A) Establishment of the branch is  
444 consistent with safe and sound banking practices; and (B) the branch  
445 will promote the public convenience and advantage. The  
446 commissioner shall not approve the establishment of any branch under  
447 this subsection unless the commissioner makes the findings required  
448 under section 36a-34. No Connecticut bank may establish or maintain a  
449 branch in this state on the premises or property of an affiliate of such  
450 bank if the affiliate engages in commercial activities.

451 (2) For a period of three years following the issuance of its final  
452 certificate of authority pursuant to subsection (l) of section 36a-70, a  
453 Connecticut bank may, with thirty days' prior notice to the  
454 commissioner, establish a branch in this state if the proposed branch  
455 was approved as part of the application to organize such bank, unless  
456 the commissioner requires an approval pursuant to subdivision (1) of  
457 this subsection.

458 (3) With the approval of the commissioner, any Connecticut bank  
459 may convert a limited branch in this state to a branch. The  
460 commissioner shall not approve a conversion under this subdivision  
461 unless the commissioner considers such factors and makes such  
462 findings under subdivision (1) of this subsection as the commissioner  
463 deems applicable.

464 (c) (1) With the approval of the commissioner, any Connecticut bank

465 may establish in this state a limited branch that provides limited  
466 services or is open for limited time periods. The commissioner shall  
467 not approve the establishment of a limited branch under this  
468 subdivision unless the commissioner considers such factors and makes  
469 such findings under subdivision (1) of subsection (b) of this section as  
470 the commissioner deems applicable. The commissioner shall approve  
471 such establishment if the commissioner determines that: (A) The  
472 interest of the neighborhood where the limited branch is to be located  
473 will be served to advantage by the establishment of the proposed  
474 branch, and (B) the proposed products, services and banking hours are  
475 appropriate to meet the convenience and needs of the neighborhood.  
476 No Connecticut bank may establish or maintain a limited branch in  
477 this state on the premises or property of an affiliate of such bank if the  
478 affiliate engages in commercial activities.

479 (2) For a period of three years following the issuance of its final  
480 certificate of authority pursuant to subsection (l) of section 36a-70, a  
481 Connecticut bank may, with thirty days' prior notice to the  
482 commissioner, establish a limited branch in this state if the proposed  
483 limited branch was approved as part of the application to organize  
484 such bank, unless the commissioner requires an approval pursuant to  
485 subdivision (1) of this subsection.

486 (3) With the approval of the commissioner, any Connecticut bank  
487 may convert a branch in this state to a limited branch. The  
488 commissioner shall not approve a conversion under this subdivision  
489 unless the commissioner considers such factors and makes such  
490 findings under subdivision (1) of subsection (b) of this section as the  
491 commissioner deems applicable, and the commissioner determines  
492 that alternative banking services are available in the neighborhood so  
493 that any reduction in services will not result in unmet banking needs.

494 (4) [With] (A) Except as provided in subparagraph (B) of this  
495 subdivision, with the approval of the commissioner, any Connecticut  
496 bank may establish in this state a special need limited branch that  
497 provides limited services or is open for limited time periods in order to

498 meet a special need of the neighborhood in which such limited branch  
499 is to be located. The commissioner shall not approve the establishment  
500 of a special need limited branch under this subdivision unless the  
501 commissioner considers such factors and makes such findings and  
502 determinations under subdivision (1) of this subsection as the  
503 commissioner deems necessary.

504 (B) Any Connecticut bank may establish in this state a special need  
505 limited branch that provides limited services or is open for limited  
506 time periods to participate or assist in a financial education program  
507 for high school students where, in connection with the program,  
508 deposits are received, checks are paid or money is lent, if: (i) The  
509 deposits are received, checks are paid and money is lent on school  
510 premises or a facility used by the high school; (ii) the receipt of  
511 deposits, paying of checks and lending of money are provided in  
512 accordance with the school's policy; (iii) the principal purpose of each  
513 program is financial education; and (iv) each program is conducted in  
514 a manner that is consistent with safe and sound banking practices,  
515 provided the Connecticut bank submits written notice to the  
516 commissioner not less than thirty days prior to the date of the  
517 establishment of such branch. The notice shall include a detailed  
518 description of the program, the location of the high school or facility at  
519 which the program will take place and any other information that the  
520 commissioner may require.

521 (5) A limited branch shall be conspicuously identified as a branch of  
522 the Connecticut bank. The commissioner may condition the approval  
523 of such branch with any other requirement that the commissioner  
524 deems necessary or appropriate for the protection of depositors or the  
525 Connecticut bank.

526 (d) (1) With the approval of the commissioner for each  
527 predetermined location, any Connecticut bank may establish in this  
528 state a mobile branch. The commissioner shall not approve the  
529 establishment of a mobile branch under this subsection unless the  
530 commissioner makes the considerations, findings and determinations

531 required under subdivision (1) of subsection (c) of this section,  
532 provided that in the case of a mobile branch established in order to  
533 meet a special need of the neighborhood in which such mobile branch  
534 is to be located, the commissioner shall not approve such  
535 establishment unless the commissioner makes the considerations and  
536 determinations required under subdivision (4) of subsection (c) of this  
537 section.

538 (2) A mobile branch shall be conspicuously identified as a branch of  
539 the Connecticut bank. The commissioner may condition approval of  
540 such mobile branch with any other requirement that the commissioner  
541 deems necessary or appropriate for the protection of depositors or the  
542 Connecticut bank.

543 (e) Nothing in this section shall prohibit a Connecticut bank from  
544 establishing or operating a branch, limited branch or mobile branch in  
545 the same or approximately the same location as another depository  
546 institution, or continuing to operate as a branch, limited branch or  
547 mobile branch in this state in the same or approximately the same  
548 location, the business of any other depository institution which has  
549 been acquired by the Connecticut bank.

550 (f) (1) A Connecticut bank which proposes to close any branch or  
551 limited branch shall submit to the commissioner a notice of the  
552 proposed closing not later than the first day of the ninety-day period  
553 ending on the date proposed for that closing. The notice shall include a  
554 detailed statement of the reasons for the decision to close the branch or  
555 limited branch and the statistical and other information in support of  
556 such reasons. After receipt of the notice, the commissioner may require  
557 the Connecticut bank to submit any additional information.

558 (2) The Connecticut bank shall provide notice of the proposed  
559 closing to its customers by:

560 (A) Posting a notice in a conspicuous manner on the premises of the  
561 branch or limited branch proposed to be closed during a period not  
562 less than the thirty-day period ending on the date proposed for that

563 closing; and

564 (B) Including a notice in at least one of any regular account  
565 statements mailed to customers of the branch or limited branch  
566 proposed to be closed or in a separate mailing, by not later than the  
567 beginning of the ninety-day period ending on the date proposed for  
568 that closing.

569 (3) (A) A Connecticut bank which proposes to close any mobile  
570 branch shall submit to the commissioner a notice of the proposed  
571 closing not later than thirty days prior to the date proposed for such  
572 closing. The notice shall include a detailed statement of the reasons for  
573 the decision to close the mobile branch and the statistical and other  
574 information in support of such reasons. After receipt of the notice, the  
575 commissioner may require the Connecticut bank to submit any  
576 additional information.

577 (B) A Connecticut bank which proposes to close any predetermined  
578 location of a mobile branch shall notify the commissioner prior to the  
579 closing of such location.

580 (g) Any Connecticut bank may relocate within this state any branch  
581 or limited branch established in this state in accordance with such  
582 notice to customers and other requirements as the commissioner may  
583 prescribe, provided the bank submits written notice to the  
584 commissioner not later than thirty days prior to the date of such  
585 relocation.

586 (h) Any Connecticut bank may consolidate within this state any  
587 branch, limited branch or main office established in this state in  
588 accordance with such notice to customers and other requirements as  
589 the commissioner may prescribe, provided the bank submits written  
590 notice to the commissioner not later than thirty days prior to the date  
591 of such consolidation.

592 (i) With the approval of the commissioner, a Connecticut bank may  
593 sell a branch, limited branch or mobile branch established in this state

594 to any bank, Connecticut credit union or federal credit union. The  
595 selling Connecticut bank must have been in existence and  
596 continuously operating for at least five years unless the commissioner  
597 waives this requirement. The commissioner shall not approve such  
598 sale if such acquiring bank or credit union, including all insured  
599 depository institutions which are affiliates of the bank or credit union,  
600 upon consummation of the sale, would control thirty per cent or more  
601 of the total amount of deposits of insured depository institutions in  
602 this state, unless the commissioner permits a greater percentage of  
603 such deposits. Approval under this subsection shall not be required if  
604 approval under section 36a-210 is required for such sale.

605 (j) With the approval of the commissioner, a Connecticut bank may  
606 establish a branch, limited branch or mobile branch outside of this  
607 state in accordance with applicable law. The commissioner shall not  
608 grant such approval, unless: (1) The commissioner finds, in accordance  
609 with regulations adopted pursuant to chapter 54, that the Connecticut  
610 bank has a record of compliance with the requirements of the  
611 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from  
612 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent  
613 applicable, and applicable consumer protection laws; (2) the  
614 Connecticut bank is adequately capitalized and the commissioner  
615 determines that it will continue to be adequately capitalized; and (3)  
616 the Connecticut bank is adequately managed and the commissioner  
617 determines that it will continue to be adequately managed. The  
618 commissioner may examine and supervise the out-of-state branches of  
619 any such Connecticut bank and may enter into agreements with other  
620 state or federal banking regulators or similar regulators in a foreign  
621 country concerning such examinations or supervision. Any such  
622 agreement may include provisions concerning the assessment or  
623 sharing of fees for such examination or supervision.

624 (k) Any Connecticut bank may relocate outside of this state any  
625 branch or limited branch established outside of this state in accordance  
626 with such notice to customers and other requirements as the  
627 commissioner may prescribe, provided the bank submits written

628 notice to the commissioner not later than thirty days prior to the date  
629 of such relocation.

630 (l) Any Connecticut bank may consolidate outside of this state any  
631 branch or limited branch established outside of this state in accordance  
632 with such notice to customers and other requirements as the  
633 commissioner may prescribe, provided the bank submits written  
634 notice to the commissioner not later than thirty days prior to the date  
635 of such consolidation.

636 (m) With the approval of the commissioner, a Connecticut bank may  
637 sell a branch, limited branch or mobile branch established outside of  
638 this state. The selling Connecticut bank must have been in existence  
639 and continuously operating for at least five years unless the  
640 commissioner waives this requirement. Approval under this  
641 subsection shall not be required if approval under section 36a-210 is  
642 required for such sale.

643 (n) Upon receipt of an application pursuant to subdivision (1) of  
644 subsection (b) of this section, subdivisions (1) and (4) of subsection (c)  
645 of this section, subdivision (1) of subsection (d) of this section or  
646 subsection (j) of this section, the commissioner shall cause notice of the  
647 application to be published in the department's weekly bulletin. The  
648 commissioner shall determine whether the applicant is an eligible  
649 entity, as defined in section 36a-34, as amended by this act, and shall  
650 promptly notify the applicant of such determination. An application  
651 by an eligible entity shall be deemed approved on the twelfth day after  
652 expiration of the comment period provided in the department's weekly  
653 bulletin, unless the commissioner informs the applicant, in writing,  
654 prior to such twelfth day, that (1) an adverse comment has been  
655 received that warrants additional investigation or review; (2) the  
656 application presents a significant community reinvestment or  
657 compliance concern; (3) the application presents a significant  
658 supervisory concern or raises significant legal or policy issues; or (4)  
659 the application requires additional information. The application may  
660 be deemed approved prior to the expiration of the twelfth day if the

661 commissioner issues a written notice of the commissioner's intent not  
662 to disapprove the application.

663 Sec. 9. Subdivision (4) of subsection (a) of section 36a-412 of the  
664 general statutes is repealed and the following is substituted in lieu  
665 thereof (*Effective from passage*):

666 (4) (A) [Except as provided in this section, the] The laws of this state,  
667 including laws regarding (i) community reinvestment pursuant to  
668 sections 36a-30 to 36a-33, inclusive; (ii) consumer protection pursuant  
669 to sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304, inclusive,  
670 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to 36a-647,  
671 inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to 36a-707,  
672 inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-755 to  
673 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to 36a-  
674 810, inclusive; (iii) fair lending pursuant to sections 36a-737, 36a-740  
675 and 36a-741; and (iv) establishment of interstate branches pursuant to  
676 section 36a-145, as amended by this act, shall apply to any branch in  
677 this state of an out-of-state bank, other than a federally-chartered out-  
678 of-state bank, to the same extent as such laws [would apply if the  
679 branch were a federal bank, provided the following laws shall apply to  
680 any branch in this state of an out-of-state bank to the same extent as  
681 such laws apply to a branch of a Connecticut bank: (i) Community  
682 reinvestment laws including sections 36a-30 to 36a-33, inclusive, (ii)  
683 consumer protection laws including sections 36a-41 to 36a-45,  
684 inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to  
685 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to  
686 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718,  
687 inclusive, 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to  
688 36a-788, inclusive, and 36a-800 to 36a-810, inclusive, (iii) fair lending  
689 laws including sections 36a-16, 36a-737, 36a-740 and 36a-741, and (iv)  
690 branching laws including sections 36a-23 and 36a-145] apply to a  
691 branch in this state of an out-of-state national banking association.

692 (B) [Except as provided in this section, an] An out-of-state bank,  
693 other than a federally-chartered out-of-state bank, that establishes a

694 branch in this state may conduct any activity at such branch [(i) if such  
695 activity] that is permissible under the laws of the home state of such  
696 out-of-state bank, [and (ii)] to the [same] extent [as] such activity is  
697 permissible [for] either for a Connecticut bank or for a branch in this  
698 state of [a federally-chartered] an out-of-state [bank] national banking  
699 association. If the commissioner determines that a branch in this state  
700 of an out-of-state bank, other than a federally-chartered out-of-state  
701 bank, is being operated in violation of any applicable law of this state  
702 or in an unsafe and unsound manner, the commissioner may take any  
703 enforcement action authorized under this title against such out-of-state  
704 bank to the same extent as if such branch were a Connecticut bank,  
705 provided the commissioner shall promptly give notice of such action  
706 to the home state banking regulator of such out-of-state bank and, to  
707 the extent practicable, shall consult and cooperate with such regulator  
708 in pursuing and resolving such action. For purposes of this  
709 subparagraph, "activity" includes acquiring or retaining any  
710 investment.

711 Sec. 10. (NEW) (*Effective from passage*) Each financial institution shall  
712 comply with the applicable provisions of Section 670 of the John  
713 Warner National Defense Authorization Act for Fiscal Year 2007,  
714 Public Law 109-364, and 32 CFR 232, as amended from time to time,  
715 that limit the interest rate that may be charged on consumer credit to  
716 members of the armed services and their dependents. Whenever it  
717 appears that any financial institution has violated, is violating or is  
718 about to violate any of such applicable provisions, the commissioner  
719 may take action against such financial institution in accordance with  
720 sections 36a-50 and 36a-52 of the general statutes. The Banking  
721 Commissioner may enter into agreements with the United States  
722 Department of Defense to enhance the communication and exchange  
723 of information relating to financial institutions to achieve prompt and  
724 effective resolution and redress of consumer complaints and alleged  
725 violations of Section 670 of the John Warner National Defense  
726 Authorization Act for Fiscal Year 2007, Public Law 109-364, and 32  
727 CFR 232, as amended from time to time. For purposes of this section  
728 "financial institution" means any Connecticut bank, Connecticut credit

729 union or other person whose lending activities in this state are subject  
730 to 32 CFR 232, as amended from time to time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-3
Sec. 2	<i>October 1, 2009</i>	36a-14(b)
Sec. 3	<i>October 1, 2009</i>	36a-21(a)
Sec. 4	<i>from passage</i>	36a-34
Sec. 5	<i>October 1, 2009</i>	36a-65(d)(1)
Sec. 6	<i>October 1, 2009</i>	36a-70(p)
Sec. 7	<i>October 1, 2009</i>	36a-110(a)
Sec. 8	<i>from passage</i>	36a-145
Sec. 9	<i>from passage</i>	36a-412(a)(4)
Sec. 10	<i>from passage</i>	New section

**BA**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** None

**OLR Bill Analysis****sSB 617*****AN ACT CONCERNING BRANCHING AND AUTHORITY TO IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT.*****SUMMARY:**

This bill allows the banking commissioner, between October 1, 2009 and September 30, 2011, to accept applications for “expedited” Connecticut banks. These are banks organized primarily for the purpose of assuming liabilities and purchasing assets from the Federal Deposit Insurance Corporation when it is acting as receiver or conservator of an insured depository institution. Additionally, the bill allows the banking commissioner to waive the filing of a Community Reinvestment Act (CRA) plan for banks that meet certain standards, and expedites the process for them to establish bank branches.

The bill also:

1. allows Connecticut banks to open “special need limited branches” for high school students, under certain conditions;
2. provides that no fee can be charged for an application to relocate a Connecticut bank’s main office;
3. allows a Connecticut capital stock bank to declare a dividend on its capital stock if it has received the commissioner’s prior approval;
4. clarifies the laws applicable to, and allowable activities of , out-of-state banks;
5. requires Connecticut institutions subject to a federal law that limits the consumer credit interest rate that can be charged to

members of the armed services and their dependents to follow the law and allows the commissioner to share information with the federal government to enforce it; and

6. makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except that the provisions on the relocation fee, capital stock bank dividends, and expedited banks are effective October 1, 2009.

## **EXPEDITED BANKS**

### ***Application Procedure §§ 5, 6***

***Conditional Approval.*** Under the bill, persons wishing to organize an expedited Connecticut bank must execute, acknowledge, and file with the banking commissioner an application to organize. (A person includes an individual or legal entity). The application must be made on a form acceptable to the commissioner and must contain sufficient information for him to evaluate:

1. the amount, type and sources of capital that would be available to the bank;
2. the ownership structure and holding companies, if any, over the bank;
3. the identity, biographical information and banking experience of each of the initial organizers and prospective initial directors, senior executive officers and any individual, group or proposed shareholders of the bank that will own or control 10% or more of the bank's stock;
4. the organizers' and investors' overall strategic plan for the bank; and
5. a preliminary business plan outlining intended product and business lines, retail branching plans and capital, earnings and liquidity projections.

The commissioner, acting alone, must grant conditional preliminary approval of the application if he finds that:

1. the organizers have sufficient committed funds available to invest in the bank;
2. the organizers and proposed directors possess capacity and fitness for the duties and responsibilities with which they will be charged;
3. the proposed bank charter has a reasonable chance of success and will be operated in a safe and sound manner; and
4. the \$15,000 fee for investigating and processing the application imposed by the bill has been paid.

The commissioner's approval is subject to the conditions he deems appropriate, including the requirements that the bank not commence the business of a Connecticut bank until after its bid or application for a particular insured depository institution is accepted by the FDIC, and that the background checks are satisfactory. The organizers also must submit, for the safety and soundness review by the commissioner, more detailed operating plans and current financial statements as potential acquisition transactions are considered, and such plans and statements must satisfy the commissioner.

The bill allows the commissioner to alter, suspend, or revoke the conditional preliminary approval if he deems any interim development warrants such action. This approval expires if the bank has not commenced business and consummated an initial acquisition within 18 months, unless the commissioner extends it.

***Final Approval and Waivers.*** The commissioner must not issue a final certificate of authority to commence the business of a Connecticut bank until all conditions and preopening requirements and applicable state and federal regulatory requirements have been met and the requisite \$15,000 fee for assuming liabilities and purchasing assets has been paid.

The bill allows the commissioner to waive any requirement in the banking laws and regulations necessary for the consummation of a bank acquisition involving an expedited Connecticut bank if he finds that it is advisable and in the interest of depositors or the public. However, he cannot waive the requirement that the institution's insurable accounts or deposits be federally insured. Any waiver the commissioner grants must be in writing and include the reasons for the waiver. He may impose conditions he deems necessary on the final certificate of authority to ensure that the bank will be operated in a safe and sound manner. Finally, the commissioner must cause notice of the issuance of the final certificate of authority to be published in the department's weekly bulletin.

### ***Disclosure of Records § 3***

By law, there are a number of records that (1) cannot be disclosed by the banking commissioner or any banking department employee and (2) are subject to public inspection or disclosure. The bill adds to that list information obtained, collected or prepared in connection with the organization of an expedited Connecticut bank prior to the issuance of a final certificate of authority.

### ***Annual Report to Governor and Banks Committee § 2***

The bill requires the commissioner to report annually to the governor and the Banks Committee on the issuance of final certificates of authority for expedited banks.

## **EXPEDITED BRANCHING FOR ELIGIBLE ENTITIES**

### ***Community Reinvestment Act § 4***

By law, the commissioner cannot grant an application to entities that received a rating other than outstanding on their most recent community reinvestment performance evaluation unless they submit a plan illustrating how they will provide adequate services to meet the banking needs of all community residents, including those with low- or moderate-income. This applies to a Connecticut branch (including a limited and mobile branch); an out-of-state bank de novo branch; merger, consolidation, or acquisition by a Connecticut or out-of-state

bank; or Connecticut or out-of-state holding company. The commissioner and the entity must publish notice that the plan will be available to the public for inspection and comment for 30 days. After this 30-day period, the commissioner must decide whether to approve the entity's proposed activity.

For eligible entities (See "Eligible Entities" below) the bill allows the commissioner to (1) waive the requirement to file a plan, or (2) require them to submit information he deems appropriate instead of the plan. The commissioner can already take this action with regard to mobile branches. For Connecticut bank acquisitions, the bill only allows the commissioner to waive the requirement.

### ***Branching Application § 8***

When the commissioner receives an application from a Connecticut bank to establish a branch in this state (including a limited, special needs limited, and mobile branch) or a branch (including a limited or mobile branch) outside of the state, the bill requires the commissioner to publish a notice of the application in the department's weekly bulletin. The commissioner must determine if the applicant is an "eligible entity" (see below) and must promptly notify the applicant of his determination.

The bill requires an eligible entity's application to be deemed approved on the 12th day after expiration of the comment period provided in the department's weekly bulletin, unless the commissioner informs the applicant, in writing, before then that:

1. an adverse comment has been received that warrants additional investigation or review;
2. the application presents a significant community reinvestment or compliance concern;
3. the application presents a significant supervisory concern or raises significant legal or policy issues; or

4. the application requires additional information.

The application may be deemed approved prior to the expiration of the 12<sup>th</sup> day if the commissioner issues a written notice of the his intent not to disapprove the application.

#### **Eligible Entities § 4**

The bill defines an “eligible entity” as any entity that:

1. received a composite rating of one or two under the Uniform Financial Institutions Rating System as a result of its most recent safety and soundness examination;
2. received a compliance rating of one or two on its most recent compliance examination;
3. received a satisfactory or better rating on its most recent community reinvestment performance evaluation;
4. is well capitalized in that it (a) has a total risk-based capital ratio of 10% or greater; (b) has a tier one risk-based capital ratio of 6% or greater; (c) has a tier one leverage capital ratio of 5% or greater; and (d) is not subject to any written agreement, order, capital directive, or prompt corrective action directive under applicable federal laws to meet and maintain a specific capital level for any capital measure;
5. is not subject to a cease and desist order, consent order, prompt correction action directive, written agreement, memorandum of understanding or other administrative agreement with its primary state or federal banking regulator; and
6. is not subject to any formal or informal administrative action by its primary state or federal banking regulator.

#### **SPECIAL NEED LIMITED BRANCH FOR HIGH SCHOOL STUDENTS — § 8**

The bill allows any Connecticut bank to establish a special need

limited branch (which provides limited services or is open for limited time periods) to participate or assist in a financial education program for high school students where, in connection with the program, the branch receives deposits, cashes checks, or lends money. The banks may do this if:

1. the deposits are received, checks are paid and money is loaned on school premises or a facility the high school uses;
2. the receipt of deposits, paying of checks and lending of money are in accordance with the school's policy;
3. the principal purpose of each program is financial education; and
4. each program is conducted in a manner that is consistent with safe and sound banking practices.

The bank must submit written notice to the commissioner at least 30 days before the date of the establishment of such branch. The notice must include a detailed description of the program, the location of the high school or facility where the program will take place and any other information the commissioner requires.

## **LAWS APPLICABLE TO, AND ACTIVITIES OF, OUT-OF-STATE BANKS – § 9**

### ***Laws Applicable to Out-of-State Banks***

By law, Connecticut law applies to any out-of-state branch in the same way it would apply if the branch were a federal bank. However, certain community reinvestment, consumer protection, fair lending, and branching laws apply to those out-of-state banks in the same way they would apply to a Connecticut bank branch. The bill instead provides that Connecticut law, including the areas listed above, with the exception of laws on certain reports to the banking commissioner and holidays, apply to out-of-state banks (excluding federally chartered banks) to the extent they would apply to an out-of-state branch of a national banking association.

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**Activities of Out-of-State Banks**

By law, an out-of-state bank, other than one that is federally chartered, can conduct any activity that is permissible under the laws of its home state, to the same extent that the activity is permissible either for a Connecticut bank or for a branch in this state of an out-of-state federally chartered bank. Instead, the bill provides that an out-of-state bank, other than one that is federally-chartered, can conduct any activity that is permissible under the laws of its home state, to the same extent that the activity is permissible either for a Connecticut bank or for a branch in this state of an out-of-state national banking association.

**NATIONAL DEFENSE AUTHORIZATION ACT**

The bill requires compliance with the provision of the John Warner National Defense Authorization Act that limits the consumer credit interest rate that can be charged to armed services members and their dependents by Connecticut banks, credit unions, and other persons whose lending activities in Connecticut are subject to that law. Whenever it appears that any financial institution has violated, is violating or is about to violate this law, the bill allows the banking commissioner to use his powers to take action against it.

It also allows the commissioner to enter into agreements with the U.S. Department of Defense to enhance communication and exchange of information about financial institutions to achieve prompt and effective resolution and redress of consumer complaints and of alleged violations of the above provision.

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/10/2009)