

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1889 Session of  
1981

INTRODUCED BY L. E. SMITH, F. E. TAYLOR, SPENCER, RAPPAPORT,  
DOMBROWSKI, McVERRY, CESSAR, BRANDT, E. Z. TAYLOR,  
CAPPABIANCA, SNYDER, FLECK, LEVIN, O'DONNELL, BURD, MAIALE,  
RIEGER, OLIVER, BOYES, ITKIN, SALVATORE, SIEMINSKI, GRUPPO,  
ANDERSON, SPITZ, SERAFINI, GRABOWSKI, GALLEN, COWELL, SWEET,  
McCLATCHY AND VAN HORNE, OCTOBER 6, 1981

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, OCTOBER 6, 1981

AN ACT

1 Amending the act of November 30, 1965 (P.L.847, No.356),  
2 entitled "An act relating to and regulating the business of  
3 banking and the exercise by corporations of fiduciary powers;  
4 affecting persons engaged in the business of banking and  
5 corporations exercising fiduciary powers and affiliates of  
6 such persons; affecting the shareholders of such persons and  
7 the directors, trustees, officers, attorneys and employes of  
8 such persons and of the affiliates of such persons; affecting  
9 national banks located in the Commonwealth; affecting persons  
10 dealing with persons engaged in the business of banking,  
11 corporations exercising fiduciary powers and national banks;  
12 conferring powers and imposing duties on the Banking Board,  
13 on certain departments and officers of the Commonwealth and  
14 on courts, prothonotaries, clerks and recorders of deeds;  
15 providing penalties; and repealing certain acts and parts of  
16 acts," relating to and regulating bank holding companies;  
17 further providing for changes of the principal place of  
18 business of institutions and the addition and deletion of  
19 branches and offices of institutions; affecting the location  
20 of branches of institutions and national banks; conferring  
21 additional powers on the Department of Banking, and making  
22 repeals.

23 The General Assembly of the Commonwealth of Pennsylvania  
24 hereby enacts as follows:

25 Section 1. The act of November 30, 1965 (P.L.847, No.356),  
26 known as the "Banking Code of 1965," is amended by adding a

1 section to read:

2 Section 114. Bank Holding Companies

3 (a) Definitions--As used in this section:

4 (i) "Bank holding company"--a company, as defined by the  
5 Federal Bank Holding Company Act of 1956 (70 Stat.133), which  
6 is or becomes a bank holding company within the provisions of  
7 the Federal act including, without limitation, its provisions  
8 determining what constitutes control.

9 (ii) "Institution"--a national bank whose principal  
10 place of business is located in Pennsylvania or a bank or  
11 bank and trust company.

12 (iii) "Pennsylvania bank holding company"--a bank  
13 holding company whose banking subsidiaries' operations are  
14 principally conducted in this State as determined by the  
15 state in which total deposits of all such banking  
16 subsidiaries are largest.

17 (b) Control of institutions--

18 (i) No bank holding company other than a Pennsylvania  
19 bank holding company may control an institution.

20 (ii) A Pennsylvania bank holding company may control one  
21 or more institutions subject to the limitations that for a  
22 period of four years after the effective date of this act it  
23 may not control more than four institutions and for a period  
24 of four years following such initial four-year period it may  
25 not control more than eight institutions.

26 (c) Enforcement--The department shall enforce the provisions  
27 of this section and, to that end, is authorized to issue such  
28 regulations and orders as may enable the department to  
29 administer and carry out the purposes of this section. The  
30 department may, from time to time, examine the books, records

1 and affairs of any Pennsylvania bank holding company, or require  
2 reports, under oath, in order to keep informed as to whether the  
3 provisions of this act and such regulations and orders made  
4 thereunder have been or are being complied with. The cost of  
5 such examination shall be assessed against and paid by such  
6 Pennsylvania bank holding company.

7 (d) Penalty provisions--Any company which violates any  
8 provision of this section shall be guilty of a misdemeanor, and  
9 upon conviction thereof, be sentenced to pay a fine of not more  
10 than five thousand dollars (\$5,000) for each day during which  
11 such violation continues. Any person who willfully participates  
12 in a violation of any of the provisions of this act shall be  
13 guilty of a misdemeanor, and, upon conviction thereof, be  
14 sentenced to pay a fine of not more than five thousand dollars  
15 (\$5,000) or imprisonment of not more than two years, or both.

16 Section 2. Subsections (a), (b) and (d) of section 903 of  
17 the act are amended to read:

18 Section 903. Change of Location of Office

19 (a) Change of principal place of business--An institution  
20 may, with the prior written approval of the department and, in  
21 the case of an incorporated institution by amendment of its  
22 articles, change the location of its principal place of business  
23 to a new location:

24 (i) in the same city, incorporated town, borough or  
25 township, or

26 (ii) in the same county or in a county contiguous thereto  
27 if

28 (A) the total of its surplus, unallocated reserves  
29 and undivided profits in the case of a savings bank, or  
30 its net worth in the case of a private bank or employees'

mutual banking association, at least equals a minimum amount specified by the department, [or]

(B) in the case of any other institution, its capital and surplus are at least equal to the minimum capital and surplus which would be required by this act upon original incorporation with a principal place of business in the city, incorporated town, borough or township of the new location and, if the institution has branches, it has the additional capital and surplus required by this act for the establishment of such branches[.], or

(C) the institution has not previously changed the location of its principal place of business to a new location in a county contiguous to the county where the institution was originally chartered to do business. If an institution has made a previous change, it may relocate to the county where it was originally chartered to do business or to any county contiguous thereto.

(b) Change of branch--An institution may, pursuant to a resolution of its board of directors or trustees, or in the case of a private bank its owners, and with the prior written approval of the department, change the location of a branch to a new location[:

(i) in the same city, incorporated town, borough or village, or

(ii) in the county in which its principal place of business is located or in a county contiguous thereto,] in the same manner and subject to the same requirements and limitations as are prescribed by this act for the establishment of branches.

\* \* \*

(d) Discontinuance of office--Upon the change of location of an office pursuant to subsections (a) and (b) of this section, the institution may not maintain [an office] a branch at the former location unless such office shall be authorized as a branch pursuant to this act. [If the location of the principal place of business of the institution is changed to another county, the institution may not maintain any office in a county not contiguous to the county of the new location.]

Section 3. Section 904 of the act, amended July 23, 1970 (P.L.597, No.199) and October 5, 1978 (P.L.1131, No.265), is amended to read:

Section 904. Authorization of New Branches

(a) Upon a merger or consolidation, a conversion of a national bank into an institution or a conversion of a private bank into an institution authorized by this act, the resulting institution may, with the prior written approval of the department, maintain as branches, in addition to its principal place of business, every office which was maintained prior to the merger or consolidation by the parties thereto or prior to the conversion by the national bank or private bank and which is located in the same county as the principal place of business of the resulting institution [or] in a contiguous county or in a bicontiguous county, except as provided in sections 907 and 908. The term "bicontiguous county," as used in this section, means one which, with respect to the county where the principal place of business of an institution is located, is contiguous to a county contiguous thereto but which is not contiguous to such county in which the principal place of business is located. In the case of a national bank which has changed the location of its main office to a new location in a county contiguous to the

1 county where it was originally chartered to do business and  
2 thereafter relocates its main office again, the determination of  
3 what is a bicontiguous county shall be made on the basis of the  
4 county of the first relocation of its main office unless the  
5 county to which the most recent relocation has been made is the  
6 county in which it was originally chartered to do business or a  
7 county contiguous thereto.

8 (b) Except as provided in subsection (a) of this section and  
9 in sections 907 and 908, an institution may establish [a branch]  
10 branches after the effective date of this act only in the same  
11 county in which its principal place of business is located [or]  
12 in a contiguous county [contiguous thereto, and only] or in a  
13 bicontiguous county, upon compliance with the following  
14 requirements:

15 (i) the proposed branch shall be authorized by  
16 resolution of its board of directors or trustees, or in the  
17 case of a private bank its owners,

18 (ii) the institution, in the case of a bank, a bank and  
19 trust company or a trust company, shall have, in addition to  
20 the minimum capital and surplus required under sections 1102  
21 and 1103, such additional amounts of capital and surplus as  
22 may be required in the discretion of the department, or in  
23 the case of a savings bank shall have at least the total of  
24 surplus, unallocated reserves and undivided profits required  
25 by the department or in the case of a private bank shall have  
26 at least the net worth required by the department,

27 (iii) if the location of the proposed branch is outside  
28 of the city, incorporated town, borough or township in which  
29 the principal place of business of the institution is  
30 located, the institution shall give written notice of the

1 filing of the application for approval of the branch to each  
2 other institution whose principal place of business is  
3 located in the county of the location of the proposed branch,  
4 [and]

5 (iv) for a period of four years after the effective date  
6 of this act, the location of the proposed branch in a  
7 bicontiguous county shall not be in any city, incorporated  
8 town, township or borough having a population of fifteen  
9 thousand or less where the principal place of business of any  
10 other institution or national bank is located. Four years  
11 after the effective date of this act and prior to eight years  
12 after the effective date of this act, the location of a  
13 branch in a bicontiguous county shall not be in any city,  
14 incorporated town, township or borough having a population of  
15 ten thousand or less where the principal place of business of  
16 any other institution or national bank is located, and

17 [(iv)] (v) the department shall give its written  
18 approval of the branch after the filing by the institution of  
19 an application for approval in a form prescribed by the  
20 department accompanied by any applicable fee and after  
21 investigation by the department.

22 (c) Eight years immediately following the effective date of  
23 this act, an institution may locate branches within any county  
24 in the Commonwealth, subject to the same approval of the  
25 department as is required under subsection (b)(v).

26 Section 4. Subsection (b) of section 905 of the act is  
27 repealed.

28 Section 5. Subsection (c) of section 905 of the act is  
29 amended to read:

30 Section 905. Approval of Branch by Department

1       \* \* \*

2       (c) Action by department--Within sixty days after receipt of  
3 the application or such longer period as may be required for any  
4 hearing which the department may hold, the department shall[,  
5 except as provided in subsection (b) of this section,] approve  
6 the application if it finds that [there is a need for banking  
7 services or facilities such as are contemplated by] the  
8 establishment of the proposed branch would be consistent with  
9 the purposes of this act set forth in subsection (a) of section  
10 103 and that the requirements of this act have been complied  
11 with but shall otherwise disapprove the application. If the  
12 department approves the application, it shall issue to the  
13 institution a letter of authority to establish the branch. If  
14 the department disapproves the application, it shall give the  
15 institution written notice of its disapproval and a statement in  
16 detail of the reasons for its decision.

17       \* \* \*

18       Section 6. The act of July 11, 1957 (P.L.773, No.372), known  
19 as the "Bank Holding Company Act," is repealed.

20       Section 7. This act shall take effect immediately.