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SFA**BILL ANALYSIS**

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Senate Bill 683 (as reported without amendment)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Banking Code to include a foreign bank branch and a national bank in the Code's provision authorizing an out-of-state bank to establish and operate one or more branches in Michigan. Currently, an out-of-state, state-chartered bank located in a state, the District of Columbia, or a territory or protectorate of the United States may establish and operate one or more branches in Michigan, if the laws of the out-of-state bank's jurisdiction allow the establishment in that jurisdiction of a branch by a Michigan bank. Under the bill, that provision would apply, as well, to both a branch of a foreign bank organized under the laws of a foreign country and lawfully operating in the U.S. and a nationally chartered bank.

Under the Code, an out-of-state bank may apply to organize a branch in Michigan by giving the Financial Institutions Bureau (FIB) Commissioner proof that its deposits are insured by an agency of the U.S. government. After receiving that proof and the required notices pertaining to an out-of-state bank's Michigan agent and the bank's name, address, and operation, if the Commissioner determines that the out-of-state bank is safe and sound, that it is subject to regulation, and that there exists an agreement for exchange of supervisory information between the FIB and the out-of-state bank's regulator, then the Commissioner must give the out-of-state bank a certificate of organization and eligibility to accept deposits and investments of public funds of the State and local units of government. The bill would remove the requirement that the FIB Commissioner's determination of an out-of-state bank's viability and regulation occur after the Commissioner receives information about the bank's in-State agent and name, location, and operation. (That information would still be required for the establishment of an out-of-state bank's Michigan branch.)

MCL 487.471

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 10-10-97

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.