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TO: Senate Financial Institutions and Insurance Committee
FROM: Brock Roehler
Staff Attorney, Office of the State Bank Commissioner
DATE: January 23, 2018
RE: SB 283

The Office of the State Bank Commissioner (OSBC) appreciates the opportunity to submit testimony in support of SB 283 to update the Kansas Banking Code. The bill includes several provisions that will help protect and preserve the integrity of the state banking system and permit the agency to recruit personnel to fulfill the agency's regulatory responsibilities.

Current law provides that a person is required to notify and receive approval from the Bank Commissioner when acquiring control of a state chartered bank. Under K.S.A. 9-1720, it is unlawful for a person to acquire control of a state chartered bank without first notifying and receiving approval from the Bank Commissioner. The bill includes an amendment to K.S.A. 9-1720 that clarifies the circumstances under which a person might obtain control of a state bank, including using a structure or process that is designed to evade state regulation. In addition, the amendment also requires an institution's board of directors to provide notice to the Bank Commissioner at least 30 days in advance of any change of control. The amendment will help ensure that action resulting in a change of control of an institution is in compliance with the notification and approval requirements provided in state law.

SB 283 also amends the requirement that a person proposing to acquire control, or a bank or trust company undertaking a merger transaction, submit an application 60 days prior to the proposed change of control or merger transaction. The bill includes an amendment to permit the Bank Commissioner to waive the 60 day application requirement if the acquired bank or trust company is under a formal corrective action. This amendment would provide flexibility in situations where an institution under a corrective action is merging or being purchased by another institution, and allow the transaction to be completed in an expedited manner.

Finally, the bill includes an amendment to K.S.A. 75-3135 regarding qualifications to serve as Deputy Bank Commissioner. Current law requires the Deputy Bank Commissioner to have at least five years' experience as a state bank officer or state or federal regulator. SB 283 amends the statute to permit an individual to serve as Deputy Bank Commissioner who has at least five years' experience as an officer of a state bank holding company or a wholly-owned subsidiary conducting business that is related to banking, or an individual who has a combination of five years in any of the aforementioned experience. Adjusting this provision would enable the OSBC to recruit candidates for this position with a wider range of experiences which would be beneficial to the agency as institutions grow in size and complexity and the skills needed for this position evolve.

The OSBC appreciates the opportunity to provide background and share our support for SB 283 and thanks the committee for its consideration of the bill.