

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 283

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 283 would amend several sections of the State Banking Code. The bill would be in effect upon publication in the *Kansas Register*. Descriptions of specific bill provisions follow.

***Change of Terminology – Collective Investment Funds
[Section 1]***

On and after July 1, 2018, the bill would change the terminology, from “common trust” funds to “collective investment” funds, for the establishment and investment of such funds by a bank or trust company authorized to act as a fiduciary.

***Notification Requirements for Acquiring Control and
Change of Control [Section 2]***

The bill would update the notice requirements for acquiring control and change of control provided to the State Bank Commissioner (Commissioner). The bill would specify that a person acting directly, indirectly, or directly or indirectly in concert with one or more persons is prohibited from engaging in any activity that may result or does result in acquiring control of any bank, bank holding company, or trust company without notifying the Commissioner at least 30 days prior to acquiring control. The bill would permit the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Commissioner to determine if an activity may result or does result in a change of control.

Additionally, the bill would require the board of directors of any privately held bank, bank holding company, or trust company to notify the Commissioner, at least 30 days prior to the date the change of control becomes effective, of any change of control of the bank, bank holding company, or trust company.

Waiver of Notice Requirement [Section 3]

On and after July 1, 2018, the bill would amend 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 would permit the Commissioner to waive this 60-day prior notice requirement if the acquired bank or trust company is under a formal corrective action.

Qualifications of the Deputy Commissioner of the Banking Division [Section 4]

The bill would amend the required qualifications for an individual to serve as Deputy Commissioner of the Banking Division (Deputy Commissioner). The bill would permit an individual to serve as Deputy Commissioner if the individual has five years of experience as an officer of a state bank holding company or a wholly-owned subsidiary conducting business that is related to banking, or has a combination of experience.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Office of the State Bank Commissioner (OSBC). In the

Senate Committee hearing, representatives of the Kansas Bankers Association and OSBC testified in support of the bill. The proponents stated the bill would help protect and preserve the integrity of the state banking system and permit the OSBC to recruit personnel to fulfill the OSBC's regulatory responsibilities. The proponents also noted the term "collective investment funds" is used widely in the industry.

No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill, the OSBC indicates the costs associated with implementing the requirements of the bill would be negligible and could be absorbed within the OSBC's existing budget.