

SENATE BILL No. 178

By Committee on Financial Institutions and Insurance

2-9

1 AN ACT concerning financial institutions; relating to the state banking
2 code; trust companies; providing for charter conversions; amending
3 K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 and repealing the
4 existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2020 Supp. 9-803 is hereby amended to read as
8 follows: 9-803. (a) Any bank *or trust company* with articles of
9 incorporation that have lapsed, or hereafter shall lapse, may renew and
10 extend the bank's *corporate existence or the trust company's* corporate
11 existence in the manner provided by law and upon payment of the
12 requisite fees.

13 (b) The acts of any bank or trust company with articles of
14 incorporation that have lapsed or terminated by the expiration of time and
15 such bank's or trust company's corporate existence is renewed and
16 extended are hereby legalized and declared to be valid in the same manner
17 and to the same effect as though the banks and trust companies had been
18 duly authorized at all times since their organization.

19 Sec. 2. K.S.A. 2020 Supp. 9-808 is hereby amended to read as
20 follows: 9-808. (a) Any national bank, federal savings association or
21 federal savings bank organized under the laws of the United States and
22 located in this state may become a state bank *or state trust company* upon
23 the affirmative vote of not less than $\frac{2}{3}$ of the institution's outstanding
24 voting stock or voting interests of members. Any national bank, federal
25 savings association or federal savings bank desiring to become a state bank
26 *or state trust company* shall apply to the commissioner for permission to
27 convert to a state bank *or state trust company* and:

28 (1) Shall submit a transcript of the minutes of the meeting of the
29 institution's stockholders or voting interests of members showing approval
30 of the proposed conversion;

31 (2) the name selected for the **state** bank ~~*or trust company*~~ shall not be
32 the name of any other *state* bank ~~*or state trust company*~~.

33 (A) Doing business in the same city or town; or

34 (B) within a 15-mile radius of the location of the converted
35 institution. The name shall be accepted or rejected by the commissioner,
36 although any *state* bank *or state trust company* may request exemption

1 from the commissioner from this paragraph; ~~and~~

2 (3) ***the name selected for the state trust company shall be different***
3 ***or substantially dissimilar from any other trust company doing business***
4 ***in the state; and***

5 (4) provide any other information required in the application form
6 prescribed by the commissioner.

7 (b) A federal savings association or federal savings bank operating in
8 a mutual form and seeking to become a stock bank must also convert to a
9 stock form prior to converting to a state bank and shall submit appropriate
10 documentation to the commissioner to show that the appropriate federal
11 regulator has approved such mutual to stock conversion.

12 (c) Upon receipt of each of the items required by this section the
13 commissioner shall make or cause to be made such investigation as the
14 commissioner deems necessary to determine whether:

15 (1) All state and federal requirements for a conversion have been
16 satisfied;

17 (2) the conversion or the financial condition of the bank *or trust*
18 *company* will not adversely affect the interests of the depositors;

19 (3) the resulting state bank *or state trust company* will have an
20 adequate capital structure in accordance with K.S.A. 9-901a et seq., and
21 amendments thereto; and

22 (4) the competence, experience or integrity of the proposed
23 management personnel indicates that approving the conversion would be
24 in the interest of the depositors of the bank *or trust company* and in the
25 interest of the public.

26 (d) If the commissioner determines each of the matters in subsection
27 (c) favorably, the conversion shall be approved, and the commissioner
28 shall issue a certificate of authority. Upon issuance of a certificate of
29 authority, the articles of incorporation, duly executed as required by the
30 Kansas corporate code, shall be filed with the Kansas secretary of state's
31 office.

32 (e) In any conversion authorized by this section, the resulting state
33 bank *or state trust company* by operation of law shall continue all trust
34 functions being exercised by the national bank, federal savings association
35 or federal savings bank and shall be substituted for the national bank,
36 federal savings association or federal savings bank and shall have the right
37 to exercise trust or fiduciary powers created by any instrument designating
38 the national bank, federal savings association or federal savings bank, even
39 though such instruments are not yet effective.

40 (f) In any conversion authorized by this section, the resulting state
41 bank *or state trust company* shall succeed by operation of law without any
42 conveyance or transfer by the act of the national bank, federal savings
43 association or federal savings bank to all the actual or potential assets, real

1 property, tangible personal property, intangible personal property, rights,
2 franchises and interests, including those in a fiduciary capacity of the
3 national bank, federal savings association or federal savings bank and shall
4 be subject to all of the liabilities of the national bank, federal savings
5 association or federal savings bank.

6 (g) In any conversion authorized by this section the corporate
7 existence of the national bank, federal savings association or federal
8 savings bank shall be continued in the resulting state bank *or state trust*
9 *company*, and the resulting state bank *or state trust company* shall be
10 deemed to be the identical corporate entity as the national bank, federal
11 savings association or federal savings bank.

12 (h) Within a reasonable time after the effective date of the conversion,
13 the resulting state bank *or state trust company* shall divest all assets and
14 liabilities that do not conform to state banking laws and rules and
15 regulations. The length of this transition period shall be determined by the
16 commissioner.

17 Sec. 3. K.S.A. 2020 Supp. 9-809 is hereby amended to read as
18 follows: 9-809. (a) Any state bank *or state trust company* may convert to a
19 national bank, federal savings and loan association or federal savings bank
20 upon the affirmative vote of not less than $\frac{2}{3}$ of the bank's outstanding
21 voting stock or members.

22 (b) The state bank *or state trust company* shall provide a copy of the
23 application submitted to the comptroller of currency to the commissioner
24 within 10 days after the date the state bank *or state trust company* applies
25 for approval to convert to a national banking association, federal savings
26 and loan association or federal savings bank from the office of the
27 comptroller of the currency.

28 (c) The state bank *or state trust company* shall provide to the
29 commissioner written notice of approval by the comptroller of currency to
30 convert to a national bank, federal savings and loan association or federal
31 savings bank within 10 days of receiving the approval.

32 (d) Within 15 days following the issuance of a charter certificate to
33 the bank *or trust company* by the comptroller, the *state bank or state trust*
34 *company* shall surrender its state certificate of authority or charter and
35 shall certify in writing that notice of the conversion has been given to the
36 Kansas secretary of state's office.

37 Sec. 4. K.S.A. 2020 Supp. 9-1717 is hereby amended to read as
38 follows: 9-1717. (a) Except with the written consent of the commissioner,
39 no person shall serve as a director, officer or employee of a *state bank or*
40 *state trust company* who has been convicted, or who is hereafter convicted,
41 of any felony or any crime involving dishonesty or a breach of trust.

42 (b) Any *state bank* ~~which~~ *or state trust company* that willfully
43 violates subsection (a), shall be deemed guilty of a misdemeanor and upon

1 conviction shall be punished by a fine of \$1,000 for each day the violation
2 continues.

3 Sec. 5. K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 are hereby
4 repealed.

5 Sec. 6. This act shall take effect and be in force from and after its
6 publication in the statute book.