

Chapter 714

1977 REPLACEMENT PART

Branch Banking

BRANCH BANKING

- 714.030 Branches not in compliance with chapter prohibited
- 714.040 Application required to establish branch; fee; time limitation; penalty
- 714.050 Restrictions on establishment of branch in cities under 50,000
- 714.055 Determining population
- 714.060 Capital requirements to establish branch bank
- 714.080 Reports of deposits of branches
- 714.100 Display of words "branch" and "office"
- 714.110 Moving or discontinuing branch
- 714.130 National bank's authority to establish branches
- 714.140 Application to establish branch banks in foreign countries or invest in foreign banks required; approval or rejection by superintendent
- 714.150 Investment in foreign banks; agreement between foreign bank and superintendent as prerequisite; effect of failure to comply with agreement
- 714.160 Furnishing information about foreign branches or foreign banks to superintendent on demand; examination of foreign branches or foreign banks

- 714.170 Separate accounts for foreign branches

CUSTOMER BANK COMMUNICATION TERMINALS

- 714.200 Definitions for ORS 714.210 to 714.992
- 714.210 Use of CBCT's; permitted uses; verification; application of ORS 714.040 to 714.110
- 714.220 Operation of CBCT's; use of financial institution employes
- 714.230 Use of CBCT facilities by other financial institutions; fee; application
- 714.240 Corporation created to establish CBCT's; financial institution as stockholder
- 714.250 Use of CBCT facilities by financial institutions not having offices within state
- 714.260 Report to superintendent of installation or removal of CBCT; investigation
- 714.270 Prohibitions on use of CBCT for financial information

PENALTIES

- 714.992 Penalties

CROSS REFERENCES

Bank closings, Saturdays, holidays and emergencies,
187.030, 707.430
Bank deposits and collections, Ch. 74
Extranational institutions, Ch. 713

714.210 to 714.992
Operation of CBCT facilities by mutual savings banks,
716.645

BRANCH BANKING

714.010 [Repealed by 1973 c.797 §428]

714.020 [Repealed by 1973 c.797 §428]

714.030 Branches not in compliance with chapter prohibited. (1) Except as expressly authorized in ORS 714.030 to 714.130 and 714.210 to 714.992, an institution shall not open or maintain any branch.

(2) This section does not apply to branches of foreign or extranational institutions existing or authorized to do business in this state as a foreign or extranational institution on February 28, 1933. After February 28, 1933, in every respect a branch of a foreign or extranational institution described in this subsection shall be governed by and comply with ORS 714.030 to 714.130 and 714.210 to 714.992, to the same extent as institutions organized and doing business in this state on February 28, 1933.

(3) Except as provided in subsection (2) of this section, foreign institutions and extranational institutions shall not establish branches.

[Amended by 1973 c.797 §321; 1975 c.725 §17]

714.040 Application required to establish branch; fee; time limitation; penalty. (1) Before any branch is established, the board of directors of an institution desiring to establish a branch shall file an application with the superintendent. The fee for filing the application is \$1,000. The application shall be investigated, approved or disapproved and subject to appeal in the same manner as is provided in ORS 707.080 for the organization of an institution. An institution shall not establish or operate any branch without first receiving the written approval of the superintendent.

(2) A branch shall commence business within one year after the application for the branch has been approved by the superintendent. If a branch fails to commence business within the year or according to any extension of time granted by the superintendent, the approval of the application shall be withdrawn and the branch may not operate.

(3) For each day an institution operates a branch without first receiving the written approval of the superintendent, the institution is subject to a penalty of \$100. The penalty shall be assessed and collected as prescribed in subsection (2) of ORS 706.570.

[Amended by 1971 c.68 §4; 1973 c.797 §322; 1975 c.544 §40a; 1977 c.135 §26]

714.050 Restrictions on establishment of branch in cities under 50,000. A branch of a bank shall not be established in any city, town, village or community of less than 50,000 population where there is a national or state bank regularly transacting a banking business, except by purchasing or merging with an existing national or state bank within that city, town, village or community.

[Amended by 1973 c.797 §323]

714.055 Determining population. For the purpose of ORS 714.050, the population shown and determined by the last preceding federal census or any reliable census compiled subsequent to the federal census, is:

(1) The population of the city in which the branch is to be organized; or

(2) If the principal place of business of a bank is located outside the corporate limits of any city, the population within a radius of three miles of the principal place of business, excluding the population within the boundaries of any municipal corporation.

[1973 c.797 §324]

714.060 Capital requirements to establish branch bank. (1) A bank having an unimpaired capital actually paid in, in cash of not less than \$1 million, and a trust company having an unimpaired capital actually paid in, in cash of not less than \$500,000, may establish and maintain one or more branches if the unimpaired capital and surplus of the bank or trust company is equal to the aggregate amount required by law to organize institutions in the places where the principal office and branches are to be located.

(2) An institution may establish and maintain one or more branches at any place within the county where the institution is located, or outside the county within the tributary trade area as determined by the superintendent, if the unimpaired capital and surplus of the institution is equal to the aggregate amount required by law to organize institutions in the places where the main office and branches are to be located or is sufficient to maintain an acceptable ratio of capital and surplus to deposit liabilities, as determined by the superintendent.

[Amended by 1973 c.797 §325]

714.065 [1973 c.797 §326; repealed by 1975 c.193 §13]

714.070 [Repealed by 1973 c.797 §428]

714.080 Reports of deposits of branches. Upon the call for a report of condition by the superintendent, a financial

institution which operates a branch shall report to the superintendent the total of deposits received and held by it through each branch.

[Amended by 1973 c.797 §327]

714.090 [Amended by 1971 c.68 §5; repealed by 1973 c.797 §428]

714.100 Display of words "branch" and "office." Every institution which maintains a branch shall, on all window signs, in advertising any branch and on letterheads on which the business of a branch is transacted, use in addition to the name of the institution, the words "branch" or "office" or both, preceded by the name of the branch.

[Amended by 1963 c.195 §11; 1969 c.360 §1; 1973 c.797 §328]

714.110 Moving or discontinuing branch. A branch, once established, may not be moved or discontinued without the previous written approval of the superintendent.

[Amended by 1973 c.797 §329]

714.120 [Repealed by 1963 c.402 §11]

714.130 National bank's authority to establish branches. A national bank engaged in a general banking business in this state may perform all acts which institutions of this state are permitted to perform under ORS 714.030 to 714.130 and 714.210 to 714.992, if the national bank complies with the particular conditions and restrictions prescribed for institutions of this state, with the exercise of like privileges.

[Amended by 1973 c.797 §330]

714.140 Application to establish branch banks in foreign countries or invest in foreign banks required; approval or rejection by superintendent. (1) Upon the approval of the superintendent and subject to rules promulgated by the superintendent pursuant to ORS 183.310 to 183.410 an institution which is a member of the Federal Reserve System may:

(a) If it possesses a capital and surplus of at least \$1 million, establish branches in foreign countries or dependencies or insular possessions of the United States to further foreign commerce of the United States and to act, if required to do so, as the fiscal agent of the United States.

(b) Invest an amount not exceeding in the aggregate 10 percent of its paid-in capital and surplus in the stock of banks or corporations chartered or incorporated under the laws of the United States or of any other state, and principally engaged in international or for-

eign banking, or banking in a dependency or insular possession of the United States, either directly or through the agency, ownership or control of local institutions in foreign countries, or in such dependencies or insular possessions, including the stock of one or more banks or corporations chartered or incorporated under section 25 (a) of the Federal Reserve Act, as approved December 24, 1919.

(2) An institution shall file with the superintendent an application for permission to exercise the powers established in subsection (1) of this section. The application shall specify the name, capital and surplus of the institution filing it, the powers applied for, and the place or places where the banking operations are to be carried on.

(3) The superintendent may approve or reject the application, in whole or in part, if the granting of the application is considered inexpedient. The superintendent may increase or decrease the number of places where the banking operations may be carried on.

[Amended by 1973 c.797 §331]

714.150 Investment in foreign banks; agreement between foreign bank and superintendent as prerequisite; effect of failure to comply with agreement. (1) Before an institution may purchase stock in any corporation mentioned in paragraph (b) of subsection (1) of ORS 714.140, the corporation shall agree to restrict its operations or conduct its business in the manner and under the limitations prescribed by the superintendent for the places in which the business is to be conducted.

(2) If the superintendent determines that the limitations prescribed by him are not being complied with, he may investigate the matter. If the investigation shows that the corporation or the institution holding stock in the corporation has not complied with the limitations, the superintendent may require the institution to dispose of stock holdings in the corporation.

[Amended by 1973 c.797 §332]

714.160 Furnishing information about foreign branches or foreign banks to superintendent on demand; examination of foreign branches or foreign banks. An institution operating foreign branches or investing in the capital stock of banks or corporations, as provided in subsection (1) of ORS 714.140, shall furnish information concerning the condition of the branches, banks or corporations to the superintendent upon demand, and the superintendent may

order special examinations of the branches, banks or corporations.

[Amended by 1973 c.797 §333]

714.170 Separate accounts for foreign branches. An institution shall maintain the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office. At the end of each year, the profit or loss accrued at each branch shall be transferred to the general ledger as a separate item.

[Amended by 1973 c.797 §334]

CUSTOMER BANK COMMUNICATION TERMINALS

714.200 Definitions for ORS 714.210 to 714.992. As used in ORS 714.210 to 714.992, "financial institution" includes a national bank.

[1975 c 193 §11]

714.210 Use of CBCT's; permitted uses; verification; application of ORS 714.040 to 714.110. (1) A financial institution, through its own facilities or those of a corporation described in ORS 714.240, may make available for use by its customers one or more CBCT's. A CBCT may receive or disburse cash, provide information and initiate transactions in accordance with the request or instruction of the customer or his agent. Every transaction initiated through a CBCT shall be subject to verification by the financial institution either by direct wire transmission or otherwise.

(2) ORS 714.040 to 714.110 do not apply to the establishment and maintenance of CBCT's pursuant to ORS 706.005, 714.200 to 714.992 and 716.645 or 714.065 prior to its repeal by ORS 706.005, 714.200 to 714.992 and 716.645.

[1975 c 193 §3]

714.220 Operation of CBCT's; use of financial institution employees. Except for CBCT's located on the premises of the principal place of business of a financial institution or the general banking branches thereof, a CBCT shall be unmanned or manned by someone who is not an employe of the financial institution utilizing the facility; provided, however, that employes of the financial institution may be in the vicinity of such a facility solely for the purposes of providing physical security, instruction in the use of the facility and the installation, maintenance and repair thereof.

[1975 c.193 §4]

714.230 Use of CBCT facilities by other financial institutions; fee; application. (1) Except as provided in subsection (2) of this section, the CBCT facilities of a financial institution established pursuant to ORS 714.210 shall be made available on a nondiscriminatory basis to all other financial institutions with banking offices in this state, conditioned only upon their payment of a reasonable fee for the use of the facilities.

(2) Subsection (1) of this section does not apply to those CBCT facilities established pursuant to ORS 714.065 prior to its repeal by ORS 706.005, 714.200 to 714.992 and 716.645 or to CBCT facilities located on the premises of the principal place of business of a financial institution or any of its general banking branches.

[1975 c 193 §5]

714.240 Corporation created to establish CBCT's; financial institution as stockholder. Notwithstanding ORS 708.430 and 716.588, a financial institution may, subject to the approval of the superintendent, acquire and continue to hold the fully paid stock of a corporation created to establish and operate CBCT facilities if:

(1) The stock of the corporation is made available to any financial institution with banking offices in this state;

(2) The services and systems of the corporation are available to all its stockholders on a nondiscriminatory basis; and

(3) The stock of the corporation is owned only by financial institutions with banking offices in this state.

[1975 c.193 §6]

714.250 Use of CBCT facilities by financial institutions not having offices within state. CBCT facilities may be made available to financial institutions which do not have banking offices within this state provided that reciprocal privileges with respect to like facilities maintained by those institutions outside this state are thereby obtained for the benefit of financial institutions with banking offices in this state.

[1975 c.193 §7]

714.260 Report to superintendent of installation or removal of CBCT; investigation. Within 30 days following the installation or removal of a CBCT, the owner or lessee utilizing such facility shall report its installation or removal to the superintendent in such detail as he may by regulation require concerning the location, type and use of such

facility. The superintendent may require such other reports and conduct such investigations as he may deem necessary and appropriate to enforce the provisions of ORS 706.005, 714.200 to 714.992 and 716.645 and to assist him in the preparation and maintenance of an inventory of CBCT facilities established pursuant to ORS 706.005, 714.200 to 714.992 and 716.645.

[1975 c.193 §8]

714.270 Prohibitions on use of CBCT for financial information. No person shall use or attempt to use a CBCT facility for the purpose of obtaining any information concerning the account or line of credit of a customer with a financial institution without the prior

approval of the customer. No person having received prior approval of the customer shall utilize such authority to obtain through the use of the CBCT any information not necessary to the transaction which the customer seeks to accomplish through its use.

[1975 c.193 §9]

PENALTIES

714.990 [Repealed by 1973 c.797 §428]

714.992 Penalties. Violation knowingly of ORS 714.270 is a Class C felony.

[1975 c.193 §10]

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Thomas G. Clifford, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
October 1, 1977.

Thomas G. Clifford
Legislative Counsel