

By: Posey

To: Business and  
Financial  
Institutions

SENATE BILL NO. 2818

1 AN ACT TO AMEND SECTION 81-7-19, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE TO 25% THE AMOUNT OF STOCK IN A MISSISSIPPI BANK THAT  
3 A BANK HOLDING COMPANY MAY ACQUIRE BEFORE BEING SUBJECT TO THE  
4 REQUIREMENT OF ACQUIRING AN ADDITIONAL AMOUNT OF SUCH STOCK OR  
5 DIVESTING ITSELF OF SUCH STOCK; AND FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 SECTION 1. Section 81-7-19, Mississippi Code of 1972, is  
8 amended as follows:

9 81-7-19. (1) As used in this section, unless the context  
10 otherwise requires:

11 (a) "Appropriate regulatory officials" means, for any  
12 national bank in Mississippi, the Comptroller of the Currency of  
13 the United States; "appropriate regulatory officials" means, for  
14 any state bank in Mississippi, the Commissioner of Banking and  
15 Consumer Finance or the Federal Deposit Insurance Corporation or  
16 the Board of Governors of the Federal Reserve System of the United  
17 States.

18 (b) "Bank" means any person chartered to do a banking  
19 business subject to the laws of this or any other jurisdiction.

20 (c) "Bank holding company" means any person which is  
21 required to register as a bank holding company with the Board of  
22 Governors of the Federal Reserve System under the federal Bank  
23 Holding Company Act of 1956, as amended.

24 (d) "Person" means an individual, corporation, firm,  
25 trust, estate, partnership, joint venture or association.

26 (e) "Interim bank merger" means the technique by which  
27 a bank holding company obtains a new bank charter solely for the

28 purpose of merging an existing bank into the bank for which the  
29 charter is sought or solely for the purpose of merging the bank  
30 for which the charter is sought into an existing bank.

31 (f) "Control" means the direct or indirect ownership of  
32 five percent (5%) or more of any class of voting securities of a  
33 bank.

34 (2) A bank holding company acting directly or indirectly may  
35 not acquire any of the shares of any bank in Mississippi unless  
36 such bank has been in operation for at least five (5) years,  
37 except in the following instances:

38 (a) The acquisition of shares of a bank by a bank  
39 holding company which before the acquisition owned more than fifty  
40 percent (50%) of the shares of the bank;

41 (b) An interim bank merger for the purpose of acquiring  
42 a bank which has been in operation for at least five (5) years;

43 (c) The acquisition by a bank affiliated with a bank  
44 holding company of stock which has been given as collateral  
45 security to the bank upon a loan contracted in good faith where  
46 the acquisition is necessary to prevent loss upon such loan and  
47 the making of the loan and the acquisition of such stock are in  
48 the ordinary course of business and not as a means of  
49 circumventing this section; however, the stock so purchased or  
50 acquired shall be sold or disposed of by the bank at public or  
51 private sale within a period of one (1) year from the acquisition  
52 thereof, unless the Commissioner of Banking and Consumer Finance  
53 extends such period because he deems that an additional period or  
54 periods are required to permit the disposition of such stock  
55 without undue risk or loss;

56 (d) The acquisition of an insolvent bank where the sale  
57 is made pursuant to the provisions of Chapter 9, Title 81,  
58 Mississippi Code of 1972, or pursuant to federal banking laws, or  
59 the acquisition of a bridge bank pursuant to federal banking laws;

60 (e) The acquisition of shares in any bank by another  
61 bank acting solely in a fiduciary capacity in the ordinary course  
62 of its trust business and not for the purpose of circumventing  
63 this section; and

64 (f) The acquisition of shares of a bank by a person

65 which will become a bank holding company solely by reason of such  
66 acquisition.

67 (3) A bank holding company must divest itself of stock in a  
68 bank in Mississippi if, upon acquiring directly or indirectly  
69 twenty-five percent (25%) or more of any class of voting  
70 securities of such bank, the bank holding company fails within six  
71 (6) months after such acquisition to acquire stock sufficient to  
72 lawfully vote a merger of the banks or bank holding companies  
73 involved in the transaction, even though such merger is not  
74 required; however, such acquiring bank holding company may retain  
75 ownership of less than twenty-five percent (25%) of any class of  
76 voting securities of such bank. The six-month time period  
77 provided herein may be extended, upon a showing of reasonable  
78 cause therefor, by the Commissioner of Banking and Consumer  
79 Finance. This subsection (3) shall not apply to a bank holding  
80 company which has lawfully acquired, or has an application pending  
81 to acquire, five percent (5%) or more of any class of voting  
82 securities of a bank prior to October 1, 1989, with respect to the  
83 stock of that particular bank.

84 (4) A bank holding company is prohibited from acquiring,  
85 directly or indirectly, ownership of stock of a bank in  
86 Mississippi if the effect of such acquisition of stock is that the  
87 acquiring bank holding company would control, directly or  
88 indirectly, banks in Mississippi having in the aggregate more than  
89 twenty-five percent (25%) of the total deposits of all offices  
90 located in Mississippi of commercial banks, savings banks, savings  
91 and loan associations, and credit unions. Determination of the  
92 percentage of total deposit concentration limited by this  
93 subsection shall be made based on data contained in the most  
94 recent call reports furnished immediately before the acquisition  
95 of stock of such bank to the appropriate regulatory officials by  
96 the banks involved in the transaction. In determining total  
97 deposits of all offices located in Mississippi of commercial

98 banks, savings banks, savings and loan associations and credit  
99 unions, data shall be used as furnished by the Department of  
100 Banking and Consumer Finance as of the most recent calendar  
101 quarter for which complete data are available. For the purpose of  
102 furnishing such data, the department shall obtain from appropriate  
103 federal regulatory agencies the most recent data available  
104 regarding the deposits of federally chartered institutions. For  
105 purposes of this subsection, "deposits" means all individual,  
106 partnership, corporate and government deposits (including, without  
107 limitation, all demand, savings, time, certificates of deposit and  
108 other similar depository accounts of individuals, partnerships,  
109 corporations and governmental bodies). The restriction contained  
110 in this subsection shall not apply to prohibit transactions  
111 described in subsections (2)(c), (d), (e) and (f).

112 (5) The Commissioner of Banking and Consumer Finance shall  
113 have the power to enforce the prohibitions of this section by  
114 seeking to enjoin any violation, by issuing cease and desist  
115 orders, by imposing administrative fines or penalties, and by any  
116 other remedies that are provided by law.

117 (6) An out-of-state bank holding company, as defined in  
118 Section 81-8-1, shall comply with Chapter 8, Title 81, Mississippi  
119 Code of 1972, and this section.

120 (7) For purposes of this section, the acquisition of shares  
121 of a bank holding company shall be considered the indirect  
122 acquisition of shares of the bank or banks controlled by such bank  
123 holding company.

124 SECTION 2. This act shall take effect and be in force from  
125 and after July 1, 2000.