

CR 82-172

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STATE OF WISCONSIN  
OFFICE OF COMMISSIONER OF BANKING

TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, T. E. Pederson, Commissioner of Banking, and custodian of the official records of said office, do hereby certify that the annexed rule, relating to the Wisconsin Banking Law, were duly approved and adopted by this office on the 21st day of October, 1982.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the department at the Office of the Commissioner of Banking in the City of Madison, this 30th day of November, 1982. A.D. 1982.



*T. E. Pederson*

T. E. Pederson  
Commissioner of Banking

2-1-83

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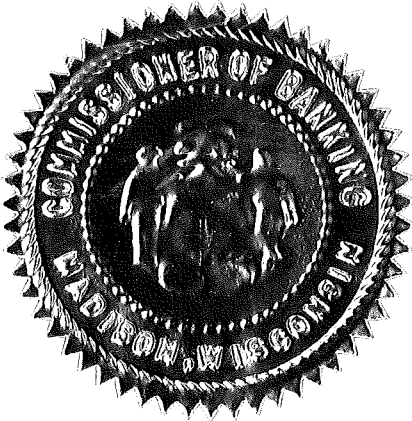
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*T. E. Pederson*

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Commissioner of Banking

2-1-83

PROPOSED ORDER OF THE OFFICE OF COMMISSIONER OF BANKING

ADOPTING AND REPEALING RULES

To create Bkg. 3.04; to create Ch. Bkg. 4, and to repeal Ch. Bkg. 2 relating to operations through subsidiaries, deposits in other banks, and the pledge of assets.

Final Draft Form

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Analysis Prepared by the Office of Commissioner of Banking.

1. Under Sec. 220.04(8), Stats., the Commissioner of Banking with the approval of the Banking Review Board may authorize state chartered banks to exercise any right, power or privilege permitted national banks under federal law, regulation or interpretation. Bkg. 3.04 authorizes state banks to conduct certain banking operations through subsidiary corporations. See 12 CFR sec. 7.7376. All limitations contained in the Comptroller's Interpretation are incorporated in Bkg. 3.04.

The purpose of these parity rules is to provide state chartered institutions with those rights, powers and privileges granted their federal counterparts. The rules will be applied in a manner consistent with interpretations of the corresponding federal statutes, regulations or interpretations by the appropriate federal regulatory agency. However, to the extent that a rule issued under Sec. 220.04(8), Stats., includes only a portion of a federal law, regulation or interpretation, the excluded portions do not become a part of the Wisconsin Banking Law.

2. Bkg. 4.01 describes conditions under which banks may invest in certain time deposits and certificates. This rule is issued under Sections 220.02(2) and 227.014, Stats.

3. Bkg. 2.01 is repealed. Sec. 221.33, Stats., permits a bank to pledge assets with federal reserve banks equal to 100% of the bank's capital and surplus without

prior approval. Pledges in excess of that amount are so infrequent that the blanket approval described in this rule is no longer necessary. These pledges are to secure federal income tax accounts and treasury tax and loan accounts held by the bank for the Federal Reserve Bank as fiscal agent for the United States.

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Pursuant to the authority vested in the Commissioner of Banking and by Sections 220.04(8), 220.02(2), 221.33 and 227.014, Stats., the Commissioner of Banking hereby creates and repeals rules interpreting sections 220.04(8), 220.02(2) and 221.33, Stats., as follows:

SECTION 1. Bkg. 3.04 is created to read:

Bkg. 3.04 OPERATIONS THROUGH SUBSIDIARIES. (1) General rule. With the prior approval of the Commissioner, a bank may engage in activities which are a part of the business of banking or incidental to the business of banking by means of an operating subsidiary corporation. In order to qualify as an operating subsidiary hereunder, at least 80 percent of the voting stock of the subsidiary must be owned by the parent bank.

(2) ACTIVITIES PERMITTED. An operating subsidiary may perform any business function which is a part of the business of banking or incidental to the business of banking. For example, an operating subsidiary may, among other things, issue credit cards, service mortgages, lease property or operate a credit bureau.

(3) TRANSACTIONS WITH PARENT BANK. Transactions between the parent bank and the operating subsidiaries are subject to the limitations contained in Ch. 221.29, Stats., unless the subsidiary engages solely in furnishing services to or in performing services for a parent bank.

(4) APPLICABILITY OF BANKING LAWS. All provisions of the banking laws and rules applicable to the operations of the parent bank shall be equally applicable to the operations of its operating subsidiaries.

(5) CONSOLIDATION OF FIGURES. Unless otherwise provided by banking laws or regulations, pertinent book figures of the parent bank and its operating subsidiaries, except agricultural credit corporations, shall be consolidated for the purpose of applying applicable statutory limitations, including but not limited to sections 221.14, 221.29, 221.33 or 221.38, Stats.

(6) EXAMINATION AND SUPERVISION. Each operating subsidiary shall be subject to examination and supervision by the Commissioner in the same manner and to the same extent as the parent bank. If, upon examination, the Commissioner ascertains that the subsidiary is created or operated in violation of the banking law or regulation or that the manner of operation is detrimental to the business of the parent bank and its depositors, the Commissioner may order the bank to dispose of all or part of the subsidiary upon such terms as the Commissioner may deem proper.

(7) REPORT OF DISPOSITION OF OPERATING SUBSIDIARY. Prior to disposition of an operating subsidiary, the parent bank shall inform the Commissioner by letter of the terms of the transaction.

SECTION 2. Chapter Bkg. 4 is created to read:

CHAPTER BKG. 2

DEPOSITS IN OTHER BANKS

Bkg. 4.01 DEPOSITS IN OTHER BANKS. Banks may invest in time deposits and certificates of deposits of other banks subject to the following aggregate limitations based on total capital and surplus of the bank making the deposit:

- (1) Domestic offices of insured United States Banks - 100% of capital and surplus,
- (2) Branches of foreign banks and deposits payable at offshore offices of insured United States banks - 50% of capital and surplus, and
- (3) Deposits of all other banks, branches or bank offices - 20% of capital and surplus.

SECTION 3. Chapter Bkg. 2 regarding Pledge of Assets is repealed.

The rules and repeals contained in this proposed order shall take effect as provided in Sec. 227.026(1)(intro.), Stats.

Dated: October 21, 1982

T. E. Pederson  
T. E. Pederson, Commissioner

With respect to Bkg. 3.04, the BANKING REVIEW BOARD

Dated: November 1, 1982

by: Edmund R. Hobbins  
Edmund R. Hobbins, Chairman