

CR 90-22

STATE OF WISCONSIN )  
 )  
OFFICE OF COMMISSIONER OF BANKING )

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TO ALL WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Richard L. Dean, Deputy Commissioner of Banking and custodian of the official records of said office, do hereby certify that the annexed rule relating to branch banking was duly approved and adopted by this office on the 11th day of July, 1990.

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 Commissioner of Banking in the City of Madison this 11th day of July, 1990.



  
Richard L. Dean  
Deputy Commissioner of Banking

9-1-90

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ORDER OF THE OFFICE OF COMMISSIONER OF BANKING ADOPTING RULES

The Wisconsin Office of Commissioner of Banking proposes an order to amend Bkg 8.01(1), 8.02, 8.03 and 8.05; to create Bkg 8.01(3), (4), (5) and (6), Bkg 8.06, 8.07, 8.08, 8.09 and 8.10 relating to branch banking.

Analysis by the Wisconsin Office of Commissioner of Banking:

Statutory authority: s. 220.02(2), Stats.

Statutes interpreted: ss. 221.04(1)(j), (jm), (n), (p), (q) and 221.14(4m) and (4s), Stats.

1989 Wisconsin Act 29 and 1989 Wisconsin Act 180 affected various provisions of the branch banking laws. The purpose of this rule is to bring current rules governing branch banking with the statutes.

SECTION 1. Bkg 8.01 is amended to clarify the banking activities and services available at a branch location and that such a location needs to be permanent and attended. This differentiates a branch from a customer bank communications terminal. A branch can conduct any of the activities conducted at the main office and if they conduct any of those listed in the rule they must obtain branch approval.

SECTION 2. Bkg 8.01(3) is created to differentiate a paying and receiving station from a branch or a customer bank communications terminal. Such a facility while not performing all the services of a branch is attended.

SECTION 3. Bkg 8.01(4) is created to define joint branch bank which is created by 1989 Wisconsin Act 29. The rule clarifies that such a facility will be permanent, attended and operated by two or more banks at one location.

SECTION 4. Bkg 8.01(5) is created to define the phrase "pick up deposits and deliver money" to clarify that the phrase does not reflect the ability of a bank to operate mobile branches but rather permits restricted services.

SECTION 5. Bkg 8.01(6) defines "locations" to require that the locations be specific, fixed and designated by the bank.

SECTION 6. Bkg 8.02 is amended to add the statutory reference required by Act 29.

SECTION 7. Bkg 8.03 is amended to use language consistent with the rule and statutes.

SECTION 8. Bkg 8.05 is amended to remove the restriction that periodic audits be reviewed by an officer of the home bank, more flexibility

is provided to allow such review by an officer located elsewhere than the home bank.

SECTION 9. Bkg 8.06 is created to require that each bank participating in the operation of a joint branch bank individually identify itself as operating a branch at the joint branch location. This will assist bank customers in clearly understanding which bank they are dealing with. It will also assist in regulation and examination by the Office of Commissioner of Banking.

SECTION 10. Bkg 8.07 is created to assist bank customers in clearly understanding which bank they are dealing with in a joint branch setting.

SECTION 11. Bkg 8.08 is created to require banks participating in a joint branch bank to create a methodology to identify each bank's funds and documentation. This will streamline operation of such a branch and assist in its regulation and examination by the Office of Commissioner of Banking.

SECTION 12. Bkg 8.09 is created to eliminate potential conflicts of interest by banks representing more than their own customer. For example, it is difficult to conceive how an employee of a bank can make a decision on whether to grant a loan to a customer of another bank.

SECTION 13. Bkg 8.10 is created to expedite the process of opening branches after applications are approved and provide the Commissioner flexibility in extending the time period for opening a branch to longer than 1 year.

Initial Regulatory Flexibility Analysis:

This rule will not have a direct adverse effect on small business and may have a favorable effect upon those small businesses which participate in joint branch banks.

Fiscal Estimate:

The Office of Commissioner of Banking estimates that there will be no direct fiscal impact from the rule making.

Contact Person:

Leon M. Swerin, Legal Counsel, Office of Commissioner of Banking, 131 W. Wilson Street, PO Box 7876, Madison Wisconsin 53707; (608)266-1621.

SECTION 1. Bkg 8.01(1) is amended to read:

Bkg. 8.01 Definitions. (1) "Branch" means a permanent, attended banking facility authorized pursuant to s. 221.04(1) ~~(j)~~, (jm) or (n), Stats., which has no legal identity, assets or liabilities separate from the home office, and which accepts deposits, cash checks, lend money or provide trust services. The term does not include the home office of a bank, a customer bank communications terminal or a night depository.

SECTION 2. Bkg 8.01(3) is created to read:

Bkg 8.01(3) "paying and receiving station" means a permanent attended facility authorized pursuant to ss. 221.14(4m) and (4s), Stats., to cash checks, accept deposits, make withdrawals or accept loan payments or an unattended night depository.

SECTION 3. Bkg 8.01(4) is created to read:

Bkg 8.01(4) "Joint branch bank" means a permanent attended banking facility authorized pursuant to s. 221.04(1) (jm) and s. 221.04(1) (p), Stats., by which two or more banks agree to provide banking services at one location.

SECTION 4. Bkg 8.01(5) is created to read:

Bkg 8.01(5) "Pick up deposits and deliver money" means an activity or service authorized pursuant to s. 221.04(1) (q), Stats., to pick up deposits and deliver coin and currency to bank customers at a designated location. Such a service is not to be construed as branch banking. No paying and receiving activities, lending of money or trust services are to be provided in conjunction with such activity or service. Deposits picked up during such activity or service are not considered accepted until delivered to a teller on the bank's premises.

SECTION 5. Bkg 8.01(6) is created to read:

Bkg 8.01(6) "Locations", for purposes of s. 221.04(1) (q), Stats., means specific fixed locations or sites as designated by the bank.

SECTION 6. Bkg 8.02 is amended to read:

Bkg. 8.02 EVALUATION OF BRANCH APPLICATIONS. A bank may establish and operate a branch provided that the applicant bank and the proposed location satisfy the technical requirements specified in s. 221.04(1) ~~(j)~~ (jm) or (n), Stats., and that the applicant bank has not been determined by the commissioner to be conducting its business in an unsafe, unsound or unauthorized manner.

SECTION 7. Bkg 8.03 (title) is amended to read:

Bkg. 8.03 (title) DAILY REPORT TO HOME OFFICE.

SECTION 8. Bkg 8.05 is amended to read:

Bkg. 8.05 BRANCH SUPERVISION. Periodic audits shall be made of the books, records and operating procedures at each branch. These audits will be reviewed by an officer of the home bank. The audits are to be unannounced and are to be conducted at least quarterly. All components of branch operations need not be covered in every audit.

SECTION 9. Bkg 8.06 is created to read:

Bkg. 8.06 JOINT BRANCH BANK NAME DESIGNATION. Every bank operating a joint branch bank shall be individually identified on all documentation relating to that bank's services at the joint branch bank.

SECTION 10. Bkg 8.07 is created to read:

Bkg. 8.07 JOINT BRANCH BANK ADVERTISING AND SIGNAGE. Banks operating a joint branch may represent the joint branch relationship in their advertising and signage if the advertising and signage also conspicuously display their individual identities.

SECTION 11. Bkg 8.08 is created to read:

Bkg. 8.08 SEPARATION OF FUNDS AND DOCUMENTATION. Banks participating in a joint branch bank shall have a methodology to identify each participating bank's funds and documentation in a manner acceptable to the Commissioner.

SECTION 12. Bkg 8.09 is created to read:

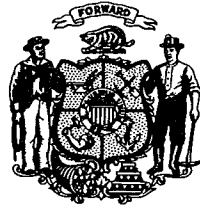
Bkg. 8.09 JOINT BRANCH PERSONNEL. Joint branch personnel shall not represent more than one bank in any transactions or activities or services offered at the joint branch bank other than the cashing of checks or acceptance of deposits or loan payments.

SECTION 13. Bkg 8.10 is created to read:

Bkg. 8.10 TIME FOR OPENING BRANCH. The failure of a bank to open and operate a branch office pursuant to s. 221.04(1), (jm) or (n), Stats., within one year after the commissioner approves the application therefor shall automatically terminate the right of the bank to open the branch office, except that the commissioner for good cause on written application made before the expiration of the one year period may grant an extension of additional periods of time not in excess of one year each time within which the branch may be opened.

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(Intro.), Stats.

Tommy G. Thompson  
Governor



Toby E. Sherry  
Commissioner

Richard L. Dean  
Deputy Commissioner

**State of Wisconsin**  
Office of Commissioner of Banking

131 West Wilson Street • Suite 800 • P.O. Box 7876 • Madison, Wisconsin 53707-7876 • (608) 266-1621 • FAX (608) 267-6889

July 11, 1990

Mr. Gary Poulson  
Assistant Revisor of Statutes  
30 W. Mifflin, Suite 702  
Madison WI 53703

RECEIVED

JUL 11 1990

Re: Clearinghouse Rule 90-22

Revisor of Statutes  
Bureau

Dear Mr. Poulson:

Attached please find a certified copy and one additional copy of this rule for publication in the Administrative Code. The rule was submitted to the Senate and Assembly in final draft form on May 25, 1990. Neither the Senate Committee on Aging, Banking, Commercial Credit and Taxation nor the Assembly Committee on Financial Institutions and Insurance took any action with respect to the Rule within 30 days of referral.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard L. Dean".

Richard L. Dean  
Deputy Commissioner

RLD:LMS:nah  
Enclosure