



Ohio Legislative Service Commission

Sub. Bill Comparative Synopsis

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H.B. 616

131st General Assembly

(H. Financial Institutions, Housing, and Urban Development)

This table summarizes how the latest substitute version of the bill differs from the As Introduced version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

Topic	Previous Version (As Introduced)	Sub. Version (L-131-2893-1)
Authority to govern in absence of Superintendent of Financial Institutions (Superintendent)	Specifies that – in the absence of the Superintendent – the Deputy Superintendent for Banks (as opposed to the Director of Commerce under existing law) may perform the Superintendent's duties under the Banking Law and the Deputy Superintendent for Credit Unions may perform the Superintendent's duties under the Credit Union Law (<i>R.C. 121.07</i>).	Specifies that – in the absence of the Superintendent – the Director of Commerce must perform the Superintendent's duties or appoint the Deputy Superintendent for Banks to perform the Superintendent's duties under the banking law and the Deputy Superintendent for Credit Unions to perform the Superintendent's duties under the Credit Union Law (<i>R.C. 121.07</i>).
Qualifications of the Superintendent	Requires that the Superintendent have at least one of the following: (1) At least five years of experience as a senior	Returns to existing law and requires that the Superintendent have at least five years of experience in the financial services industry or in the examination or regulation of financial

* This version corrects the description of the changes made by the L-131-2893-1 version under "**Minutes of meetings; executive session**" and "**Administrative hearings.**"

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	<p>level officer in a federally insured depository institution, bank holding company, or savings and loan holding company or as a senior level manager in the business of auditing or providing professional advice to those institutions on issues related to safety and soundness;</p> <p>(2) At least five years of experience as a senior level supervisor in the examination or regulation of the safety and soundness of federally insured depository institutions;</p> <p>(3) At least a total of five years of experience in any combination of the positions described in (1) or (2) (R.C. 1181.01(A)).</p>	institutions (R.C. 1181.01).
Qualifications of the Deputy Superintendent for Banks and the Deputy Superintendent for Credit Unions; service	<p>Requires that each deputy superintendent have at least one of the following:</p> <p>(1) At least five years of experience in that particular industry as (a) a senior level officer, (b) a senior level manager in the business of auditing or providing professional advice on issues related to safety and soundness, or (c) a senior level supervisor in the examination or regulation of safety and soundness;</p> <p>(2) At least five years of experience as a senior supervisor in the examination or regulation of banks, savings and loan associations, savings banks, or credit unions; or</p> <p>(3) At least a total of five years of experience in any combination of the positions described in (1) and (2) (R.C. 1181.01(B)).</p>	Returns to existing law and requires that the each deputy superintendent have at least five years of experience in that particular industry or at least five years of experience in the examination or regulation of banks or credit unions (R.C. 1181.01).

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	Requires that the deputy superintendents serve in the classified civil service (<i>R.C. 1181.01(D)</i>).	Returns to existing law and requires that the deputy superintendents serve in the unclassified civil service (<i>R.C. 1181.01</i>).
Qualifications of the Deputy Superintendent for Consumer Finance; service	<p>Requires that the Deputy Superintendent have at least one of the following:</p> <p>(1) At least five years of experience as an owner, officer, or senior level manager of one or more consumer finance companies;</p> <p>(2) At least five years of experience as a senior level supervisor in the examination or regulation of consumer finance companies;</p> <p>(3) At least a total of five years of experience in any combination of the positions described in (1) and (2) (<i>R.C. 1181.01(C)</i>).</p> <p>Requires that the Deputy Superintendent serve in the classified civil service (<i>R.C. 1181.01(D)</i>).</p>	<p>Returns to existing law and requires that the Deputy Superintendent have at least five years of experience in one or more of the consumer finance companies regulated by the Division or in the examination or regulation of banks, credit unions, or consumer finance companies (<i>R.C. 1181.01</i>).</p> <p>Returns to existing law and requires that the Deputy Superintendent serve in the unclassified civil service (<i>R.C. 1181.01(E)</i>).</p>
Salary schedule	<p>Requires the Superintendent to prepare a salary schedule for all supervisory and management personnel, professional staff, examiners, and support personnel who are employees of the Division of Financial Institutions (<i>R.C. 1121.02(C)</i>).</p> <p>Requires that all supervisory and management personnel, professional staff, and examiners who are paid from the Bank's Fund are to be compensated at rates not lower than the compensation rates at which supervisory and management personnel, professional staff, and</p>	<p>No provision.</p> <p>No provision.</p>

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	<p>examiners of the FDIC with similar experience are compensated (<i>R.C. 1121.02(C)</i>).</p> <p>Makes the salary schedule subject to the approval of the Banking Commission (<i>R.C. 1121.02(C) and 1123.03</i>).</p>	No provision.
Definitions:		
"Mutual state bank"	Defines "mutual state bank" as a state bank the earnings and net worth of which inure to the ultimate benefit of its members, unless otherwise provided by law (<i>R.C. 1101.01(N)</i>).	Defines "mutual state bank" as a state bank without stock that has governing documents consisting of articles of incorporation and code of regulations adopted by its members and bylaws adopted by its board of directors (<i>R.C. 1101.01(N)</i>).
"Remote service unit"	No provision.	Defines "remote service unit" as an automated facility, operated by a bank, that conducts banking functions (<i>R.C. 1101.01(S)</i>).
"State bank"	Defines "state bank" as a bank doing business under authority granted by the Superintendent (existing law) (<i>R.C. 1101.01(X)</i>).	Same, but adds that "state bank" includes a state bank that elects to operate as a savings and loan association under the bill (<i>R.C. 1101.01(Y)</i>).
Enforcement	Provides that the bill is enforceable only by the Superintendent, the Superintendent's designee, or, with respect to the laws governing crimes and prohibited activities, a prosecuting attorney (<i>R.C. 1101.05(A)</i>).	Same, but adds that the bill is also enforceable by the Federal Deposit Insurance Corporation and the Federal Reserve (<i>R.C. 1101.05(A)</i>).
Authority to accept deposits or transact banking business in Ohio	Prohibits any person from soliciting, receiving, or accepting deposits in Ohio, except a bank or a credit union and except as otherwise provided under current law (<i>R.C. 1101.16(A)</i>).	Prohibits any person from soliciting, receiving, or accepting money or its equivalent for deposit as a business in Ohio, except a state bank, an entity doing business as a bank, savings bank, or savings association under authority granted by

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	<p>Prohibits a bank, bank holding company, or savings and loan holding company incorporated under the laws of another state or having its principal place of business in another state from (1) accepting deposits in Ohio unless it has established a banking office in Ohio or (2) transacting any banking business in Ohio other than lending money, trust business, or as an agent <i>(R.C. 1101.16(B))</i>.</p> <p>Prohibits a bank having its principal place of business outside Ohio from establishing or opening a deposit account with or for a person in Ohio by means of an ATM, remote service unit, or other money transmission device in Ohio <i>(R.C. 1101.16(C))</i>.</p> <p>States that the bill's provisions and continuing law regarding authority to accept deposits or transact business in Ohio does not prohibit a person from making a deposit in that person's own account with a depository institution having its principal place of business outside Ohio by means of an ATM, remote service unit, or other money transmission device located in Ohio, the Internet, or an electronic deposit <i>(R.C. 1101.16(E))</i>.</p>	<p>the bank regulatory authority of the United States, another state, or another country, or a credit union <i>(R.C. 1101.16(A))</i>.</p> <p>No provision.</p> <p>No provision.</p> <p>No provision.</p>

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Publication of notice	Provides that, whenever public notice is required, it can be published, <i>in print or in a comparable electronic format</i> , in a local newspaper of general circulation (R.C. 1113.03(A), 1113.09(B), 1114.03(A), 1114.07(B), 1117.02(B), 1125.04(A)(1), and 1125.23(A)).	Same, but removes the "comparable electronic format" alternative (R.C. 1113.03(A), 1113.09(B), 1114.03(A), 1114.07(B), 1117.02(B), 1125.04(A)(1), and 1125.23(A)).
Misleading use of bank name	<p>Prohibits any person from using the name of a state bank in an advertisement, solicitation, or other material in a way that may mislead another person into believing that the person issuing the advertisement, solicitation, promotional, or other material is associated or affiliated with the state bank, unless the person has obtained express written permission of the bank (R.C. 1103.07(E)(1)).</p> <p>Provides that a bank injured by a violation of this prohibition may be awarded punitive damages (R.C. 1103.07(E)(3)).</p> <p>Subjects a person who violates this prohibition to a \$1,000 civil penalty for each day the violation is committed, repeated, or continued (R.C. 1103.99).</p>	<p>Same, but also prohibits any person from using the name of a state bank in any material in a way that "may cause another person to be misled" (R.C. 1103.07(E)(1)).</p> <p>No provision.</p> <p>Same, but instead authorizes a civil penalty of <i>up to \$10,000</i> (R.C. 1103.99).</p>
Disqualification of directors	Prohibits any person who has been convicted of a felony or any crime involving an act of fraud, dishonesty, breach of trust, theft, or money laundering from serving as a director, but permits the Superintendent to waive this restriction if the crime bears no relation to	Same, but permits the Superintendent to waive this restriction only if the crime was a misdemeanor or minor misdemeanor or the equivalent of either (R.C. 1105.02(B)(1)).

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	finance or was a misdemeanor or minor misdemeanor or the equivalent of either (<i>R.C. 1105.02(B)(1)</i>).	
Minutes of meetings; executive session	Provides that meeting minutes need not include the issues discussed while the board of directors or any committee of the board of directors was in executive session (<i>R.C. 1105.08</i>).	No provision.
Personal liability of directors	Provides that a director, officer, employee, or other institution-affiliated party of a bank is not personally and individually liable for direct or indirect damages the bank, its shareholders or members, or any other person sustains in consequence of a violation of or failure to comply with any provision of the Banking Law or related rules, including any civil money penalties, unless it can be shown that the party knowingly violated or failed to comply with that provision of law (<i>R.C. 1105.11(A)</i>).	Same, but adds that a director could be liable if it can be shown that the director knowingly permitted any of the officers, employees, or other institution-affiliated parties to violate or fail to comply with any such provision (<i>R.C. 1105.11(A)</i>).
Stock options	Permits a stock state bank, under certain circumstances, to offer or sell, grant, or grant options on the bank's shares to employees, officers, or directors of the bank or any of the bank's subsidiaries or affiliates, or to <i>other parties</i> (<i>R.C. 1107.09(A)</i>).	Same, but defines "other parties" as any person who the board of directors determines has provided or will provide a service or a benefit to the bank (<i>R.C. 1107.09(A)</i>).
Bank powers	Specifies that, in addition to what is otherwise authorized under the Banking Law, a state bank has and may exercise all powers, perform all acts, and provide all services that are permitted for national banks and federal savings associations (<i>R.C. 1109.02(C)</i>).	Same, but: (1) Specifies that it does not apply with respect to interest rates;

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		<p>(2) Specifies that it applies regardless of the date the corresponding parity rule adopted by the Superintendent takes effect;</p> <p>(3) Requires a state bank that intends to take any such action before the adoption of the corresponding parity rule to provide the Superintendent with prior written notice of the action and the basis for the action; and</p> <p>(4) Authorizes the Superintendent, within 90 days after receipt of that notice, to prohibit the bank from taking the action if the Superintendent determines it would be unsafe or unsound for the bank (R.C. 1109.02(C)).</p>
State bank considered a savings and loan	<p>Upon filing the notice to elect to operate as a savings and loan, considers a state bank to be a savings and loan association if both of the following conditions are met:</p> <p>(1) Its qualified thrift investments equal or exceed 65% of its portfolio assets.</p> <p>(2) Its qualified thrift investments continue to equal or exceed 65% of its assets on a monthly average basis in 9 out of every 10 months (R.C. 1109.021).</p>	<p>Same, but requires the qualified thrift investments to continue to equal or exceed 65% of its assets on a monthly average basis in 9 out of every 12 months (R.C. 1108.021).</p>
Good faith reliance by bank	<p>Provides that a bank may, in good faith, rely <i>without further investigation</i>: (1) on any information, agreements, documents, and signatures provided by its customers as being true, accurate, complete, and authentic and (2) that the persons signing have full capacity and complete authority to execute and deliver any</p>	<p>Same, but removes "without further investigation" (R.C. 1109.04(A)).</p>

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	such documents and agreements and to act in such capacity as may be represented to the bank (<i>R.C. 1109.03(A)</i>).	
Holding of real estate or stock acquired as satisfaction of debt	Specifies that existing limitations on the time in which a bank may own or hold real estate and shares acquired in foreclosure or in satisfaction of a previously contracted debt do not apply to real estate or shares owned or held by a state bank affiliate (<i>R.C. 1109.26</i>).	Same, but provides that those limitations do apply to the real estate or shares owned or held by a state bank affiliate "that is a subsidiary of the state bank" (<i>R.C. 1109.26</i>).
Investments in debt securities	Permits a state bank, without the Superintendent's approval (as is required under existing law), to invest in bonds and other debt securities in which other banks, savings banks, and savings associations insured by the FDIC (Federal Deposit Insurance Corporation), or federal or state-chartered credit unions, are permitted to invest (<i>R.C. 1109.32(B)</i>).	Same, but limits this investment authority to the debt securities that FDIC insured national banks, savings banks, and savings associations are permitted to invest (<i>R.C. 1109.32(B)</i>).
Incorporation of a stock state bank	Lists what information must be included in an application to incorporate a stock state bank (<i>R.C. 1113.02(B)</i>).	Same, but adds to that list "any other information the Superintendent requires" (<i>R.C. 1113.02(B)</i>).
Adoption of amendments to a stock state bank's articles of incorporation (by incorporators, shareholders, or directors)	<p>Requires the Superintendent to approve or disapprove the proposed amendment within 30 days after receiving it from the bank, unless the Superintendent requests additional information within 15 days after the amendment was received (<i>R.C. 1113.05(C)(3)</i>, <i>1113.12(F)(3)</i>, and <i>1113.13(D)(3)</i>).</p> <p>Requires the Superintendent to notify the bank of the Superintendent's approval or disapproval within 30 days after the additional information is</p>	<p>Requires the Superintendent to approve or disapprove the proposed amendment within 45 days after receiving it from the bank, unless the Superintendent requests additional information within 20 days after the amendment was received (<i>R.C. 1113.05(C)(3)</i>, <i>1113.12(F)(3)</i>, and <i>1113.13(D)(3)</i>).</p> <p>Requires the Superintendent to notify the bank of the Superintendent's approval or disapproval within 45 days after the additional information is</p>

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	<p>received (R.C. 1113.05(C)(3), 1113.12(F)(3), and 1113.13(D)(3)).</p> <p>No provision.</p>	<p>received (R.C. 1113.05(C)(3), 1113.12(F)(3), and 1113.13(D)(3)).</p> <p>States that, if the proposed amendment is approved by the Superintendent, the approval is not to be construed as an affirmative endorsement of the amendment by the Superintendent (R.C. 1113.05(C)(5), 1113.12(F)(5), and 1113.13(D)(5)).</p>
Mutual state banks: governance	Provides that a mutual state bank is to be created, organized, and governed in the same manner as for corporations generally, to the extent it is not inconsistent with the Banking Law (R.C. 1114.01).	Provides that a mutual state bank and the rights and liabilities of its members are to be governed by its articles of incorporation, code of regulations, and bylaws and by the bill's Mutual State Bank Law (R.C. 1114.01).
Perpetual proxies	Provides that the authority granted by a depositor to officers and directors of a mutual state bank is perpetual, unless otherwise provided in the articles of incorporation or code of regulations or there is an expiration date specified in the proxy (R.C. 1114.08(A)(3)).	Same, but also requires that, on and after the bill's effective date, the writing or verifiable communication appointing a proxy be separate from any deposit or loan agreement or any other document provided by a bank to a depositor (R.C. 1114.08(C)).
Adoption of amendments to a mutual state bank's articles of incorporation (by incorporators, members, or board of directors)	<p>Requires the Superintendent to approve or disapprove the proposed amendment within 30 days after receiving it from the bank, unless the Superintendent requests additional information within 15 days after the amendment was received (R.C. 1114.09(C)(3) and 1114.11(D)(3)).</p> <p>Requires the Superintendent to notify the bank of the Superintendent's approval or disapproval within 30 days after the additional information is</p>	<p>Requires the Superintendent to approve or disapprove the proposed amendment within 45 days after receiving it from the bank, unless the Superintendent requests additional information within 20 days after the amendment was received (R.C. 1114.09(C)(3) and 1114.11(D)(3)).</p> <p>Requires the Superintendent to notify the bank of the Superintendent's approval or disapproval within 45 days after the additional information is</p>

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	<p>received (R.C. 1114.09(C)(3) and 1114.11(D)(3)).</p> <p>No provision.</p>	<p>received (R.C. 1114.09(C)(3) and 1114.11(D)(3)).</p> <p>States that, if the proposed amendment is approved by the Superintendent, the approval is not to be construed as an affirmative endorsement of the amendment by the Superintendent (R.C. 1114.09(C)(5) and 1114.11(D)(5)).</p>
Notice of meetings	<p>Requires that notice of meetings be served upon or mailed to members as provided in the General Corporation Law (R.C. 1114.11(A)(2) and 1114.12).</p> <p>No provision.</p>	<p>Same, but also permits notice to be given by publication once each week for three consecutive weeks immediately preceding the date of the meeting in a newspaper published in and of general circulation in the county in which the principal office of the bank is located (R.C. 1114.11(A)(2) and 1114.12(A)).</p> <p>Requires that the notice include a statement that, if a member granted a proxy to the officers and directors of the bank, the proxy is revocable at any time before the meeting or by attending the meeting and voting in person (R.C. 1114.12(B)).</p>
Acquisition of control a state bank	<p>No provision.</p>	<p>Restores two existing grounds that permit the Superintendent to disapprove any proposed acquisition if the Superintendent finds:</p> <p>(1) That it would result in a monopoly or further any conspiracy to monopolize the business of banking in any part of Ohio or any markets served by the bank; or</p> <p>(2) That the effect in any part of Ohio or any markets served by the bank may be to</p>

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		substantially lessen competition and the anticompetitive effects are not clearly outweighed in the public interest (<i>R.C. 1115.06(F)(1) and (2)</i>).
Consolidation or merger with another financial institution	No provision.	<p>Restores two existing grounds that permit the Superintendent to disapprove any proposed merger or consolidation in which the resulting or surviving corporation will be a state bank if the Superintendent finds:</p> <p>(1) That it would result in a monopoly or further any conspiracy to monopolize the business of banking in any part of Ohio or any markets served by the bank; or</p> <p>(2) That the effect in any part of Ohio or any markets served by the bank may be to substantially lessen competition and the anticompetitive effects are not clearly outweighed in the public interest (<i>R.C. 1115.11(D)(1) and (2)</i>).</p>
Transfer of assets and liabilities	<p>If the transfer of assets and liabilities of an acquiring state bank requires the approval of the Superintendent, requires the state bank to file an application that includes a copy of the transfer agreement and any other information the Superintendent requires (<i>R.C. 1115.14(B)</i>).</p> <p>No provision.</p>	<p>Same, but restores the existing requirement that the application also include an officer's certification that the transaction has been approved by the directors and shareholders (existing law) or members (added by the bill) of each constituent corporation (<i>R.C. 1115.14(B)</i>).</p> <p>Restores two existing grounds that permit the Superintendent to disapprove the transaction if the Superintendent finds:</p> <p>(1) That it would result in a monopoly or further any conspiracy to monopolize the business of</p>

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		<p>banking in any part of Ohio or any markets served by the bank; or</p> <p>(2) That the effect in any part of Ohio or any markets served by the bank may be to substantially lessen competition and the anticompetitive effects are not clearly outweighed in the public interest (<i>R.C. 1115.14(D)(1) and (2)</i>).</p>
Parity rules	<p>If a state bank or trust company has acted in reliance on a parity rule adopted and later revoked or lapsed, generally requires the Superintendent to grant the bank or trust a reasonable period of time, but not less than one year from the date the rule is revoked or lapsed, to bring its affected activities in compliance with the law (<i>R.C. 1121.05(D)(2)</i>).</p> <p>No provision.</p>	<p>Same, but generally caps the reasonable period of time at two years from the date the rule is revoked or lapsed (<i>R.C. 1121.05(D)(2)</i>).</p> <p>Permits the Superintendent to grant a longer period of time, if requested by the bank or trust company in writing (<i>R.C. 1121.05(D)(2)</i>).</p>
Self-assessment privilege	<p>Provides that a self-assessment report of a bank, any contents of the report, and any data, analyses, or other information <i>gathered</i>, generated, created, produced, developed, or prepared as part of the self-assessment process, are privileged and not admissible or subject to discovery in any civil or administrative litigation, proceeding, or investigation (<i>R.C. 1121.19(B)</i>).</p>	<p>Same, but removes the reference to "gathered" (<i>R.C. 1121.19(B)</i>).</p>

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Administrative hearings	Specifies that certain administrative hearings are confidential, unless the Superintendent determines that holding an open hearing would be in the public interest (<i>R.C. 1121.38(A)(1)</i>).	Same, except that administrative hearings regarding a regulated person are to be open, unless the person files a written request for a confidential hearing, in which case the hearing will be confidential unless the Superintendent determines it would be in the public interest to have an open hearing (<i>R.C. 1121.38(A)(1)(a) and (b)</i>).
Criminal records checks: conditional approval	Allows the Superintendent to conditionally approve a person to serve as an organizer, incorporator, director, executive officer, or controlling shareholder of a bank, or to otherwise have a substantial interest in or participate in the management of a bank, subject to receiving satisfactory results of the required criminal records check (<i>R.C. 1121.23</i>).	Same, but permits the Superintendent to extend the conditional approval for not more than 90 days if the Superintendent does not receive the results within 90 days after the criminal records check was requested (<i>R.C. 1121.23</i>).
Agreements to correct or prevent violations or unsafe practices	Permits the Superintendent, to prevent or correct violations of law or rule or to prevent or correct unsafe or unsound practices, to enter into any of the following with a state bank, trust company, or regulated person: (1) A memorandum of understanding; (2) A written agreement enforceable by a cease and desist order or an order removing a regulated person from office or prohibiting a regulated person from further participation in the conduct of the affairs of the bank or trust company;	No provision.

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	(3) Any other formal or informal agreement or understanding the Superintendent considers appropriate (<i>R.C. 1121.31 and R.C. 1121.16, 1121.43, and 1121.48</i>).	
Disclosure of public information	Requires the Superintendent to seek a protective order or enter into an agreement to protect privileged, confidential, or other nonpublic information disclosed pursuant to the bill beyond the intended recipient of the information (<i>R.C. 1181.25(B)</i>).	Same, but requires the Superintendent to seek the protective order or enter into the agreement <i>only if</i> the Superintendent has reason to believe that the privileged, confidential, or other nonpublic information may be disclosed by the intended recipient (<i>R.C. 1181.25(B)</i>).
Uniform Depository Law: public depository eligibility	Provides that a state bank, a national bank, a federal savings association, or a bank, savings and loan association, or savings bank doing business under the regulatory authority of another state is not eligible to receive public deposits if the institution, or any of its directors, officers, employees, or controlling persons, is currently a party to an active final or temporary cease-and-desist order issued by the Superintendent or an active enforcement order issued by a federal regulatory authority or the regulatory authority of another state (<i>R.C. 135.032 and 135.321</i>).	Same, but instead denies eligibility only for an active final or temporary cease-and-desist order issued "to ensure the safety and soundness of the institution" (<i>R.C. 135.032 and 135.321</i>).

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