

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0436/1dn
RJM:wlj:jf

March 17, 2000

Representative Jeskewitz:

I based this substitute amendment upon the instructions provided to me by Lisa Roys at the Department of Financial Institutions. Primarily, the amendment includes the following:

1. Engrossed AB-563 (universal banking), except that the amendment creates a new financial privacy eligibility requirement. Under this new requirement, the most recent federal evaluation of the financial institution, in the opinion of the division of banking, must indicate that the financial institution is in substantial compliance with applicable financial privacy provisions under Subtitle A of Title V of the federal Gramm-Leach-Bliley Act, 15 USC 6801 to 6809, and applicable financial privacy regulations promulgated under that subtitle. In addition, the division of banking must restrict the powers of a universal bank if, in the opinion of the division of banking, the universal bank's most recent federal evaluation fails to indicate that the universal bank is in substantial compliance with these provisions and regulations. In this case, the division of banking may also revoke the universal bank's certification.

Please note that the relevant financial privacy provisions of the Gramm-Leach-Bliley Act have not yet taken effect and neither have any of the relevant financial privacy regulations that are required under the act. The new universal banking eligibility requirement established under this substitute amendment will not have any effect until these federal requirements take effect.

2. Senate Bill 274, as amended by SA-1 and SA-3 (but not SA-2), with the following changes:

- A) Retains definition of and membership provision related to vicinal industries.
- B) Retains, rather than repeals, ss. 186.02 (2) (a) 3. and 4. (credit union bylaws).
- C) Amends s. 186.02 (2) (b) 2. and creates s. 186.02 (2) (b) 2m., regarding individuals who are entitled to membership in a credit union and geographic restrictions on a credit union's field of membership.
- D) Restricts the provision created in s. 186.02 (2) (d) 2., regarding an organization becoming a member of a credit union.
- E) Deletes the requirement that a credit union establish a policy determining who qualifies as a member of the immediate family of a person qualified for membership.

However, under the amendment, a credit union's bylaws are required to prescribe the conditions that determine eligibility for membership. See s. 186.02 (2) (a) 1.

F) In s. 186.11 (4) (a) 2., requires a credit union service organization to be organized primarily to provide goods and services to credit unions, credit union organizations and credit union members. Senate Bill 274 requires a credit union service organization to be organized to provide goods and services, in the ordinary course of business, to credit unions, credit union organizations and credit union members.

G) Deletes the expansion of credit union service organization activities under SB-274.

H) Deletes SB-274's proposed grant of authority to a credit union to purchase certain assets of another lender or seller.

I) Creates a financial privacy provision somewhat similar to that proposed for universal banks. Under the amendment, the office of credit unions must examine a credit union to determine the credit union's compliance with any applicable financial privacy provisions of Subtitle A of Title V of the federal Gramm-Leach-Bliley Act and applicable financial privacy regulations promulgated under that Subtitle. The office of credit unions may restrict a credit union's activities for failure to maintain compliance with these provisions and regulations. As with the universal banking financial privacy provision, the credit union financial privacy provision will have no effect until the federal requirements take effect.

The amendment also includes some technical changes. The most extensive technical cleanup is in s. 222.0207 (voluntary termination of certification). This change does not alter the legal effect of the provision.

Please feel free to call with any questions or requested changes.

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