

Chapter Bkg 3

PARITY WITH NATIONAL BANKS

<p>Bkg 3.01 Bank-owned banks, lending and depository authority</p> <p>Bkg 3.02 Bank-owned banks, limitations on lending and depository authority</p>	<p>Bkg 3.03 Use of data processing equipment and furnishing of data processing services</p> <p>Bkg 3.04 Operations through subsidiaries</p>
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Bkg 3.01 Bank-owned banks, lending and depository authority. A bank-owned bank organized under s. 221.57, Stats., may provide banking and bank related services to:

- (1) Subsidiaries or organizations owned by depository institutions,
- (2) Directors, officers or employes of depository institutions, including any subsidiary or organization owned by a depository institution, and,
- (3) Depository institution trade associations.

History: Cr. Register, September, 1982, No. 321, eff. 10-1-82.

Bkg 3.02 Bank-owned banks, limitations on lending and depository authority. The total loans made and deposits received of a bank-owned bank pursuant to Bkg 3.01 may not exceed the following:

- (1) The total loans made to all entities and individuals described in Bkg 3.01 may not exceed 10% of the total assets of the bank.
- (2) The total deposits received from all individuals and entities described in Bkg 3.01 may not exceed 10% of the total liabilities of the bank.

History: Cr. Register, September, 1982, No. 321, eff. 10-1-82.

Bkg 3.03 Use of data processing equipment and furnishing of data processing service. As part of its banking business and incidental thereto, a bank may collect, transcribe, process, analyze, and store, for itself and others, banking, financial, or related economic data. In addition, incidental to its banking business, a bank may:

- (1) Market a by-product (such as program or output) of a data processing activity described in this rule; and
- (2) Market excess time on its data processing equipment so long as the only involvement by the bank is furnishing the facility and necessary operating personnel.

History: Cr. Register, September, 1982, No. 321, eff. 10-1-82.

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% 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

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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 s. 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 ss. 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.

History: Cr. Register, January, 1983, No. 325, eff. 2-1-83.