



1997 ASSEMBLY BILL 898

March 10, 1998 - Introduced by Representative WARD. Referred to Committee on Financial Institutions.

1 **AN ACT to amend** 15.183 (2), 20.144 (1) (g), 20.912 (4), 34.01 (2) (a), 34.10, 138.052
2 (5) (am) 2. a., 138.052 (5) (am) 2. b., 138.055 (4) (a), 138.056 (1) (a) 4. a., 138.12
3 (5) (a), 214.01 (1) (im), 214.592, 215.01 (6), 215.02 (title), 215.141, 220.04 (9) (a)
4 2., 221.0303 (2), 221.0321 (5), 223.105 (3) (a), 223.105 (4), 223.105 (5), 223.105
5 (6), 227.52 (5), 227.53 (1) (b) 4., 227.53 (1) (b) 5., 552.23 (1) and 813.16 (7); and
6 **to create** chapter 222 and 992.21 of the statutes; **relating to:** the creation of
7 a new type of financial institution; the powers and requirements applicable to
8 these financial institutions; changing the name of the division of savings and
9 loan; providing an exemption from emergency rule procedures; and granting
10 rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, the division of savings and loan regulates savings banks and savings and loan associations and the division of banking regulates state banks. This bill allows savings banks, savings and loan associations and state banks (financial institutions) to apply to the division of banking to become certified as a universal bank. If certified as a universal bank, the financial institution may exercise certain

ASSEMBLY BILL 898

powers, in addition to those that are granted under the statutes under which they are organized. Universal banks retain their status as savings and loan associations, savings banks or state banks and remain subject to existing regulatory and supervisory requirements, except to the extent that these requirements are inconsistent with the requirements applicable to universal banks. Universal banks are subject to the following provisions:

CERTIFICATION

A financial institution may apply to become certified as a universal bank by filing a written application with the division of banking. In order to be certified as a universal bank, the financial institution must meet all of the following conditions: 1) the financial institution is chartered or organized, and regulated, as a Wisconsin financial institution and has been in existence and continuous operation for at least 3 years; 2) the financial institution must be "well-capitalized" or "adequately capitalized"; 3) the financial institution must not exhibit moderately severe or unsatisfactory financial, managerial, operational and compliance weaknesses; and 4) the financial institution must not have been the subject of any enforcement action within the 12 months preceding the application. If these requirements are met, the division of banking must certify the financial institution as a universal bank. The financial institution may be decertified only if it elects to terminate its certification and the election is approved by the division. As a precondition to decertification, the universal bank must terminate the exercise of all universal banking powers.

ORGANIZATION AND REGULATION

A financial institution that is certified as a universal bank remains subject to all of the requirements and duties, and remains able to exercise all of the powers, that applied to the financial institution prior to its certification as a universal bank, except to the extent that such requirements, duties and powers are inconsistent with the powers and duties of universal banks. After a financial institution becomes certified as a universal bank, the division of banking becomes solely responsible for establishing the capital requirements applicable to the universal bank.

A universal bank continues to operate under the articles of incorporation and bylaws in effect prior to the certification and these articles and bylaws may be amended in accordance with the law governing savings banks, savings and loan associations or state banks, whichever is applicable to the financial institution. Current law generally prohibits savings banks and savings and loan associations from using the term "bank" in their corporate name, without also using the term "savings". Notwithstanding these provisions, the bill allows all financial institutions that become certified as a universal bank to use the term "bank" in their corporate name without using the word "savings", subject to certain limitations relating to the distinguishability of the name. Under current law, the division of banking regulates mergers and acquisitions of state banks and the division of savings and loan is responsible for regulating the mergers and acquisitions of savings banks and savings and loan association. Under the bill, the division of banking assumes responsibility for reviewing and approving the mergers and acquisitions of all financial institutions that have been certified as universal banks, including savings banks and savings

ASSEMBLY BILL 898

and loan associations. The standards to be used by the division of banking track the standards currently applicable to the various financial institutions that may become certified as universal banks, except that universal banks may generally acquire or merge with any type of financial institution.

POWERS

The bill expands the powers of financial institutions that become certified as universal banks. Currently, savings banks, savings and loan associations and banks have differing powers. Under the bill, a universal bank is authorized to engage in any activity authorized for any savings bank, savings and loan association or state bank on the first day of the 3rd month beginning after the bill's publication. In addition, the bill specifically provides that universal banks may exercise the following powers:

Federal powers

The bill grants all universal banks the authority to exercise all powers that may be exercised, directly or indirectly through a subsidiary, by a federally chartered financial institution, such as a national bank or a federal credit union, or by an affiliate of such an institution. In order to exercise a federal power, the universal bank is required to give the division of banking written notice of the bank's intention to exercise the power at least 60 days in advance of exercising the power. The division of banking is required to approve the exercise of the power if it determines that the power is exercisable by federally chartered financial institutions and must periodically publish a list in the Wisconsin administrative register of federal powers that it has approved. A universal bank is not required to provide the 60-day advance written notice in order to exercise a power contained in one of these published lists. The division of banking may require that a federal power be exercised by a subsidiary of the universal bank in order to limit the risk exposure of the universal bank.

Lending powers

Under current law, the lending powers of a financial institution depend on whether the financial institution is organized as a savings bank, savings and loan association or state bank. The lending powers granted to universal banks are most similar to the powers granted to state banks under current law. Current law imposes some restrictions on the types and purposes of loans that savings banks and savings and loan associations may make. Under the bill, a universal bank may make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or extensions of credit for any purpose. Like state banks, the limitations imposed on a universal bank's lending generally focus on the total amount of liabilities of any one lender at any one time. Although the limit varies depending on the lender and on the type of security pledged for the loan, the general rule is that the total liabilities of any one person to a universal bank may not exceed 20% of the capital of the universal bank. These lending limits for universal banks are generally the same as for state banks, except that universal banks are granted additional authority to lend, through the universal bank or its subsidiaries, an amount to all borrowers from the universal bank and all of its subsidiaries, an aggregate amount not to exceed 20% of the bank's capital, provided that the loans to any one borrower may not exceed 20% of the bank's

ASSEMBLY BILL 898

capital. Loans made under this additional authority are not subject to rules regarding bad debts or classification of losses, for a period of 3 years from the date of the loan. This additional authority may be suspended by the division of banking; among the factors that may be considered by the division of banking in suspending this authority are a universal bank's capital, assets, management, liquidity ratio and capital ratio.

Investment powers

To the extent consistent with safe and sound banking powers, a universal bank may purchase, sell, underwrite and hold investment securities in an amount up to 100% of the universal bank's capital. Investment securities include commercial paper; banker's acceptances; marketable securities in the form of bonds, notes and debentures; and similar instruments. A bank may purchase, sell, underwrite and hold equity securities, consistent with safe and sound banking principles, in an amount up to 20% of the capital of the universal bank, unless the division of banking approves a greater percentage. Universal banks may also invest in certain housing properties and projects, except that the total investment in any one project may not exceed 15% of the universal bank's capital and except that the total amount invested in housing properties and projects may not exceed 50% of the universal bank's capital. A universal bank may take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of capital. The division of banking may suspend the authority to invest in profit-participation projects.

The bill provides that the universal banks may invest without limitations in certain types of securities, including: 1) obligations of certain federal agencies or federally chartered corporations and associations; 2) deposit accounts or insured obligations of insured financial institutions; 3) securities of certain business development corporations and urban renewal investment corporations; 4) certain securities of bank insurance companies; 5) securities of certain corporations operating automated teller machines; 6) securities of service corporation subsidiaries of a universal bank; 7) advances of federal funds; 8) risk management instruments, including financial futures transactions, financial operations transactions and forward commitments, solely for the purpose of reducing, hedging or otherwise managing its interest rate risk exposure; 9) securities of subsidiaries exercising certain fiduciary powers; and 10) securities of agricultural credit corporations. Universal banks may invest in other financial institutions. The investment powers of universal banks may be exercised directly or indirectly through a subsidiary, unless the division of banking requires the investment to be made through a subsidiary in order to limit the risk exposure of the universal bank. The bill contains specific provisions governing the purchase by a universal bank of its own stock and of stock in banks and bank holding companies.

Deposit and trust powers

The bill grants universal banks the authority to establish the types and terms of deposits that the universal banks solicit and accept. A universal bank may pledge its assets as security for deposits. With the approval of the division of banking, a

ASSEMBLY BILL 898

universal bank may securitize its assets for sale to the public, subject to any procedures established by the division. Universal banks may exercise safe deposit powers, and universal banks have a lien on the contents of property accepted for safekeeping for their safekeeping charges. If these charges remain unpaid for 2 years or property accepted for safekeeping is not called for within 2 years, the bank may sell the property at public auction. The bill authorizes universal banks to exercise trust powers that are permitted to trust company banks.

Incidental and related powers

Under the bill, a universal bank may exercise all powers necessary or convenient to effect the purposes for which the universal bank is organized or to further the businesses in which the universal bank is lawfully engaged. Current law does not have a similar provision for savings banks, savings and loan associations or state banks.

In addition to these necessary or convenient powers, the bill allows universal banks to engage, directly or indirectly through a subsidiary, in activities that are reasonably related or incidental to the purposes of the universal bank. The bill contains a list of activities that meet the reasonably related or incidental powers criteria. The listed activities include: 1) business and professional services; 2) data processing; 3) courier and messenger services; 4) credit-related activities; 5) consumer services; 6) real estate related services; 7) insurance services, other than insurance underwriting; 8) securities brokerage; 9) investment advice; 10) securities and bond underwriting; 11) mutual fund activities; 12) financial consulting; 13) tax planning and preparation; 14) community development and charitable activities; and 15) debt cancellation contracts.

In addition, any activity permitted to be engaged in by bank holding companies under the federal Bank Holding Company Act may be engaged in by a universal bank. The division of banking is permitted to expand the list of reasonably related or incidental powers by rule. A universal bank is required to give 60 days' prior written notice, to the division of banking, of the bank's intention to engage in a necessary or convenient, reasonably related or incidental power. The division of banking may deny the authority of a universal bank to engage in a reasonably related or incidental power, other than those activities that are specifically enumerated, if the division of banking determines that the power is not a reasonably related or incidental power, or that the financial institution is not well-capitalized or adequately capitalized or is the subject of an enforcement action. The division of banking may require that any of these activities be conducted through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank. Amounts invested in a single subsidiary may not exceed 20% of the universal bank's capital, unless a higher percentage is approved by the division of banking.

OTHER CHANGES

In addition to creating universal banks, this bill changes the name of the division of savings and loan in the department of financial institutions to the division of savings institutions. The bill further provides that any action taken by the division of savings and loan under the name of the division of savings institutions

ASSEMBLY BILL 898

has the same effect as if the action had been taken under the name of the division of savings and loan.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 15.183 (2) of the statutes is amended to read:

2 15.183 (2) (title) ~~DIVISION OF SAVINGS AND LOAN~~ INSTITUTIONS. There is created
3 a division of savings and loan institutions. Prior to July 1, 2000, the division is
4 attached to the department of financial institutions under s. 15.03. After June 30,
5 2000, the division is created in the department of financial institutions. The
6 administrator of the division shall be appointed outside the classified service by the
7 secretary of financial institutions and shall serve at the pleasure of the secretary.

8 **SECTION 2.** 20.144 (1) (g) of the statutes is amended to read:

9 20.144 (1) (g) *General program operations*. The amounts in the schedule for
10 the general program operations of the department of financial institutions. Except
11 as provided in pars. (a), (h), (i) and (u), all moneys received by the department, other
12 than by the office of credit unions, the division of banking and the division of savings
13 and loan institutions, and 88% of all moneys received by the department's division
14 of banking and the department's division of savings and loan institutions shall be
15 credited to this appropriation, but any balance at the close of a fiscal year exceeding
16 10% of the previous fiscal year's expenditures under this appropriation shall lapse
17 to the general fund. Annually, \$200,000 of the amounts received under this
18 appropriation account shall be transferred to the appropriation account under s.
19 20.575 (1) (g).

20 **SECTION 3.** 20.912 (4) of the statutes is amended to read:

ASSEMBLY BILL 898

1 20.912 (4) INSOLVENT DEPOSITORIES. When the bank, savings and loan
2 association, savings bank or credit union on which any check, share draft or other
3 draft is drawn by the state treasurer before payment of such check, share draft or
4 other draft becomes insolvent or is taken over by the division of banking, division of
5 savings and loan institutions, the federal home loan bank board, the U.S. office of
6 thrift supervision, the federal deposit insurance corporation, the resolution trust
7 corporation, the office of credit unions, the administrator of federal credit unions or
8 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
9 person in whose favor such check, share draft or other draft was drawn and upon the
10 return to the treasurer of such check, share draft or other draft issue a replacement
11 for the same amount.

12 **SECTION 4.** 34.01 (2) (a) of the statutes is amended to read:

13 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
14 designated public depository in accordance with this chapter, resulting from the
15 failure of any public depository to repay to any public depositor the full amount of
16 its deposit because the office of credit unions, administrator of federal credit unions,
17 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
18 supervision, federal deposit insurance corporation, resolution trust corporation,
19 division of banking or division of savings and loan institutions has taken possession
20 of the public depository or because the public depository has, with the consent and
21 approval of the office of credit unions, administrator of federal credit unions, U.S.
22 office of thrift supervision, federal deposit insurance corporation, resolution trust
23 corporation, division of banking or division of savings and loan institutions, adopted
24 a stabilization and readjustment plan or has sold a part or all of its assets to another
25 credit union, bank, savings bank or savings and loan association which has agreed

ASSEMBLY BILL 898**SECTION 4**

1 to pay a part or all of the deposit liability on a deferred payment basis or because the
2 depository is prevented from paying out old deposits because of rules of the office of
3 credit unions, administrator of federal credit unions, U.S. comptroller of the
4 currency, federal home loan bank board, U.S. office of thrift supervision, federal
5 deposit insurance corporation, resolution trust corporation, division of banking or
6 division of savings and loan institutions.

7 **SECTION 5.** 34.10 of the statutes is amended to read:

8 **34.10 Reorganization and stabilization of financial institutions.**

9 Whenever the office of credit unions, administrator of federal credit unions, U.S.
10 comptroller of the currency, federal home loan bank board, U.S. office of thrift
11 supervision, federal deposit insurance corporation, resolution trust corporation,
12 division of banking or division of savings and loan institutions has taken charge of
13 a credit union, bank, savings bank or savings and loan association with a view of
14 restoring its solvency, pursuant to law, or with a view of stabilizing and readjusting
15 the structure of any national or state credit union, bank, savings bank or savings and
16 loan association located in this state, and has approved a reorganization plan or a
17 stabilization and readjustment agreement entered into between the credit union,
18 bank, savings bank or savings and loan association and depositors and unsecured
19 creditors, or when a credit union, bank, savings bank or savings and loan association,
20 with the approval of the office of credit unions, administrator of federal credit unions,
21 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
22 supervision, federal deposit insurance corporation, resolution trust corporation,
23 division of banking or division of savings and loan institutions proposes to sell its
24 assets to another credit union, bank, savings bank or savings and loan association
25 which agrees to assume a part or all of the deposit liability of such selling credit

ASSEMBLY BILL 898

1 union, bank, savings bank or savings and loan association and to pay the same on
2 a deferred payment basis, the governing board of the public depositor may, on the
3 approval of the division of banking, join in the execution of any reorganization plan,
4 or any stabilization and readjustment agreement, or any depositor's agreement
5 relative to a proposed sale of assets if, in its judgment and that of the division of
6 banking, the reorganization plan or stabilization and readjustment agreement or
7 proposed sale of assets is in the best interest of all persons concerned. The joining
8 in any reorganization plan, or any stabilization and readjustment agreement, or any
9 proposed sale of assets which meets the approval of the division of banking does not
10 waive any rights under this chapter.

11 **SECTION 6.** 138.052 (5) (am) 2. a. of the statutes is amended to read:

12 138.052 (5) (am) 2. a. On January 1, 1994, and annually thereafter, the division
13 of banking for banks, the division of savings ~~and loan~~ institutions for savings and
14 loan associations and savings banks and the office of credit unions for credit unions
15 shall determine the interest rate that is the average of the interest rates paid,
16 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
17 accounts by institutions under the division's or office's jurisdiction at the close of the
18 last quarterly reporting period that ended at least 30 days before the determination
19 is made.

20 **SECTION 7.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

21 138.052 (5) (am) 2. b. The office of credit unions and the division of banking
22 shall report the rate calculated to the division of savings ~~and loan~~ institutions within
23 5 days after the date on which the determination is made. The division of savings
24 ~~and loan~~ institutions shall calculate the average, rounded to the nearest

ASSEMBLY BILL 898**SECTION 7**

1 one-hundredth of a percent, of the 3 rates and report that interest rate to the revisor
2 of statutes within 5 days after the date on which the determination is made.

3 **SECTION 8.** 138.055 (4) (a) of the statutes is amended to read:

4 138.055 (4) (a) The division of savings and loan institutions, if the lender is a
5 savings and loan association or savings bank;

6 **SECTION 9.** 138.056 (1) (a) 4. a. of the statutes is amended to read:

7 138.056 (1) (a) 4. a. The division of savings and loan institutions, if the lender
8 is a savings and loan association or savings bank;

9 **SECTION 10.** 138.12 (5) (a) of the statutes is amended to read:

10 138.12 (5) (a) The ~~commissioner~~ division may revoke or suspend the license of
11 any insurance premium finance company if the ~~commissioner~~ division finds that any
12 of the following:

13 1. Any license issued to such company was obtained by fraud,₂

14 2. There was any misrepresentation in the application for the license,₂

15 3. The holder of such license has otherwise shown himself or herself
16 untrustworthy or incompetent to act as a premium finance company,₂

17 4. ~~Such~~ The company has violated any provision of this section, ~~or,~~

18 5. ~~Such~~ The company has been rebating part of the service charge as allowed
19 and permitted herein to any insurance agent or insurance broker or any employe of
20 an insurance agent or insurance broker or to any other person as an inducement to
21 the financing of any insurance policy with the premium finance company.

22 **SECTION 11.** 214.01 (1) (im) of the statutes is amended to read:

23 214.01 (1) (im) "Division" means the division of savings and loan institutions.

24 **SECTION 12.** 214.592 of the statutes is amended to read:

1 NOTICE OF RELATIONSHIP

2 This company, (insert name and address of association, savings and loan
3 holding company or subsidiary), is related to (insert name and address of
4 association, savings and loan holding company or subsidiary) of which you are also
5 a customer. You may not be compelled to buy any product or service from either of
6 the above companies or any other related company in order to participate in this
7 transaction.

8 If you feel that you have been compelled to buy any product or service from
9 either of the above companies or any other related company in order to participate
10 in this transaction, you should contact the management of either of the above
11 companies at either of the above addresses or the division of savings and loan
12 institutions at (insert address).

13 **SECTION 16.** 220.04 (9) (a) 2. of the statutes is amended to read:

14 220.04 (9) (a) 2. "Regulated entity" means a bank, universal bank, trust
15 company bank and any other entity which is described in s. 220.02 (2) or 221.0526
16 as under the supervision and control of the division.

17 **SECTION 17.** 221.0303 (2) of the statutes, as affected by 1997 Wisconsin Act 27,
18 is amended to read:

19 221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS
20 TERMINALS. A bank may, directly or indirectly, acquire, place and operate, or
21 participate in the acquisition, placement and operation of, at locations other than its
22 main or branch offices, customer bank communications terminals, in accordance
23 with rules established by the division. The rules of the division shall provide that
24 any such customer bank communications terminal shall be available for use, on a
25 nondiscriminatory basis, by any state or national bank and by all customers

ASSEMBLY BILL 898

1 designated by a bank using the terminal. This subsection does not authorize a bank
2 which has its principal place of business outside this state to conduct banking
3 business in this state. The customer bank communications terminals also shall be
4 available for use, on a nondiscriminatory basis, by any credit union, savings and loan
5 association or savings bank, if the credit union, savings and loan association or
6 savings bank requests to share its use, subject to rules jointly established by the
7 division of banking, the office of credit unions and the division of savings and loan
8 institutions. The division by order may authorize the installation and operation of
9 a customer bank communications terminal in a mobile facility, after notice and
10 hearing upon the proposed service stops of the mobile facility.

11 **SECTION 18.** 221.0321 (5) of the statutes, as affected by 1997 Wisconsin Act 35,
12 is amended to read:

13 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by
14 assignment or transfer of stock certificates or other evidence of the borrower's
15 ownership interest in a corporation formed for the cooperative ownership of real
16 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage
17 involving a one-family residence, apply to a proceeding to enforce the lender's rights
18 in security given for a loan under this subsection. The division shall promulgate joint
19 rules with the office of credit unions and the division of savings and loan institutions
20 that establish procedures for enforcing a lender's rights in security given for a loan
21 under this subsection.

22 **SECTION 19.** Chapter 222 of the statutes is created to read:

23

CHAPTER 222

24

UNIVERSAL BANKS

SUBCHAPTER I

GENERAL PROVISIONS

222.0101 Title. This chapter may be cited as the “Wisconsin universal bank law”.

222.0102 Definitions. In this chapter:

(1) “Adequately capitalized” has the meaning given in 12 USC 1831o (b) (1) (B).

(2) “Capital” of a universal bank means the sum of the following, less the amount of intangible assets that is not considered to be qualifying capital by a deposit insurance corporation or the division:

(a) For a universal bank organized as a stock organization, the universal bank’s capital stock, preferred stock, undivided profits, surplus, outstanding notes and debentures approved by the division, other forms of capital designated as capital by the division and other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation.

(b) For a universal bank organized as a mutual organization, the universal bank’s net worth, undivided profits, surplus, outstanding notes and debentures approved by the division, other forms of capital designated as capital by the division and other forms of capital considered to be qualifying capital by a deposit insurance corporation.

(3) “Deposit insurance corporation” means the Federal Deposit Insurance Corporation or other instrumentality of, or corporation chartered by, the United States that insures deposits of financial institutions and that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

(4) “Division” means the division of banking.

ASSEMBLY BILL 898

1 (5) “Financial institution” means a state savings bank organized under ch. 214,
2 state savings and loan association organized under ch. 215 or a state bank chartered
3 under ch. 221.

4 (6) “Universal bank” means a financial institution that has been issued a
5 certificate of authority under s. 222.0205.

6 (7) “Well-capitalized” has the meaning given in 12 USC 1831o (b) (1) (A).

7 **222.0103 Applicability. (1) SAVINGS BANKS.** A universal bank that is a savings
8 bank organized under ch. 214 remains subject to all of the requirements, duties and
9 liabilities, and may exercise all of the powers, of a savings bank, except that in the
10 event of a conflict between this chapter and those requirements, duties, liabilities or
11 powers, this chapter shall control.

12 **(2) SAVINGS AND LOAN ASSOCIATIONS.** A universal bank that is a savings and loan
13 association organized under ch. 215 remains subject to all of the requirements,
14 duties and liabilities, and may exercise all of the powers, of a savings and loan
15 association, except that, in the event of a conflict between this chapter and those
16 requirements, duties, liabilities or powers, this chapter shall control.

17 **(3) BANKS.** A universal bank that is a bank chartered under ch. 221 remains
18 subject to all of the requirements, duties and liabilities, and may exercise all of the
19 powers, of a bank, except that, in the event of a conflict between this chapter and
20 these requirements, duties, liabilities or powers, this chapter shall control.

21 **222.0105 Fees.** The division may establish such fees as it determines are
22 appropriate for documents filed with the division under this chapter and for services
23 provided by the division under this chapter.

24 **222.0107 Administration. (1) POWERS OF DIVISION.** The division shall
25 administer this chapter for all universal banks.

ASSEMBLY BILL 898**SECTION 19**

1 to certification as a universal bank or as such articles or bylaws may be subsequently
2 amended in accordance with the provisions of the chapter under which the universal
3 bank was organized or chartered.

4 **222.0303 Name. (1) USE OF "BANK".** Notwithstanding ss. 214.035, 215.40 (1)
5 and 215.60 (1) and subject to subs. (2) and (4), a universal bank may use the word
6 "bank" in its name, without having to include the word "savings". Notwithstanding
7 ss. 215.40 (1) and 215.60 (1) and subject to subs. (2) and (4), a universal bank that
8 is organized under ch. 215 and that uses the word "bank" in its name in accordance
9 with this section need not include the words "savings and loan association" or
10 "savings association" in its name.

11 **(2) DISTINGUISHABILITY.** Except as provided in subs. (3) and (4), the name of the
12 universal bank shall be distinguishable upon the records of the division from all of
13 the following names:

14 (a) The name of any other financial institution organized under the laws of this
15 state.

16 (b) The name of a national bank or foreign bank authorized to transact business
17 in this state.

18 **(3) EXCEPTIONS.** A universal bank may apply to the division for authority to use
19 a name that does not meet the requirement under sub. (2). The division may
20 authorize the use of the name if any of the conditions under s. 221.0403 (2) (a) or (b)
21 is met.

22 **(4) USE OF SAME NAME.** A universal bank may use a name that is used in this
23 state by another financial institution or by an institution authorized to transact
24 business in this state, if the universal bank has done any of the following:

25 (a) Merged with the other institution.

ASSEMBLY BILL 898

1 (b) Been formed by reorganization of the other institution.

2 (c) Acquired all or substantially all of the assets, including the name, of the
3 other institution.

4 **222.0305 Capital and assets. (1) CAPITAL REQUIREMENTS.** Notwithstanding
5 subch. VI of ch. 214 and ss. 215.24 and 221.0205, the division shall determine the
6 minimum capital requirements of universal banks.

7 **(2) CERTAIN ASSET REQUIREMENTS.** Section 214.045 does not apply to universal
8 banks.

9 **222.0307 Acquisitions, mergers and asset purchases. (1) IN GENERAL.** A
10 universal bank may, with the approval of the division, purchase the assets of, merge
11 with, acquire or be acquired by any other financial institution, universal bank,
12 national bank, federally chartered savings bank or savings and loan association, or
13 by a holding company of any of these entities. Notwithstanding subch. III of ch. 214
14 and ss. 214.09 and 215.36, the approval of the division of savings institutions is not
15 required.

16 **(2) APPLICATIONS FOR APPROVAL.** An application for approval under sub. (1) shall
17 be submitted on a form prescribed by the division and accompanied by a fee
18 determined by the division. In processing and acting on applications under this
19 section the division shall apply the following standards:

20 (a) For universal banks organized under ch. 214, ss. 214.09, 214.62 to 214.64
21 and 214.665 and subch. III of ch. 214.

22 (b) For universal banks organized under ch. 215, ss. 215.25, 215.36, 215.53 and
23 215.73.

24 (c) For universal banks chartered under ch. 221, subchs. VII and IX of ch. 221.

SUBCHAPTER IV

POWERS

1
2
3 **222.0401 Federal financial institution powers. (1) IN GENERAL.** Subject
4 to the limitations in this section, universal banks may exercise all powers that may
5 be exercised, directly or indirectly through a subsidiary, by a federally chartered
6 financial institution, including a federally chartered savings bank, a federally
7 chartered savings and loan association, a federally chartered national bank or a
8 federally chartered credit union, or by an affiliate of such an institution.

9 **(2) REQUIRED NOTIFICATION FOR EXERCISE OF A FEDERAL POWER.** Except as
10 provided in sub. (3), a universal bank may not exercise a power under this section
11 without giving 60 days' prior written notice to the division of the universal bank's
12 intention to exercise the power. If the division determines within the 60-day period
13 that the power is not exercisable by federally chartered financial institutions, the
14 division shall disapprove the notice and shall direct the universal bank not to
15 exercise that power. A notice under this subsection that is not disapproved by the
16 division within 60 days after receipt by the division is approved, unless the division
17 and the universal bank mutually agree to extend the notice period for an additional
18 60 days.

19 **(3) PREVIOUSLY RECOGNIZED FEDERAL POWERS.** The division shall periodically
20 publish, in the Wisconsin Administrative Register, a list of all federal powers that it
21 has allowed to be exercised by universal banks under this section. The division shall
22 mail copies of the publication to all universal banks. A universal bank need not give
23 prior written notice to the division of the universal bank's intention to exercise any
24 federal power that the division has included in a list published under this subsection.

ASSEMBLY BILL 898

1 **(4) EXERCISE OF FEDERAL POWERS THROUGH A SUBSIDIARY.** The division may
2 require that certain powers exercisable by universal banks under this section be
3 exercised through a subsidiary of the universal bank with appropriate safeguards to
4 limit the risk exposure of the universal bank.

5 **222.0403 Loan powers. (1) PERMITTED PURPOSES.** A universal bank may
6 make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or
7 extensions of credit for any purpose.

8 **(2) IN GENERAL.** Except as provided in subs. (3) to (8), the total liabilities of any
9 person, other than a municipal corporation, to a universal bank for a loan or
10 extension of credit may not exceed 20% of the capital of the universal bank at any
11 time. In determining compliance with this section, liabilities of a partnership
12 includes the liabilities of the general partners, computed individually as to each
13 general partner on the basis of his or her direct liability.

14 **(3) CERTAIN SECURED LIABILITIES.** The percentage limitation under sub. (2) is
15 50% of the universal bank's capital, if the liabilities under sub. (2) are limited to the
16 following types of liabilities:

17 (a) *Warehouse receipts.* A liability secured by warehouse receipts issued by
18 warehouse keepers licensed and bonded in this state under ss. 99.02 and 99.03 or
19 under the federal Bonded Warehouse Act or holding a registration certificate under
20 ch. 127, if all of the following requirements are met:

- 21 1. The receipts cover readily marketable nonperishable staples.
- 22 2. The staples are insured, if it is customary to insure the staples.
- 23 3. The market value of the staples is not, at any time, less than 140% of the face
24 amount of the obligation.

ASSEMBLY BILL 898**SECTION 19**

1 (b) *Certain bonds or notes.* A liability in the form of a note or bond that meets
2 any of the following qualifications:

3 1. The note or bond is secured by not less than a like amount of bonds or notes
4 of the United States issued since April 24, 1917, or certificates of indebtedness of the
5 United States.

6 2. The note or bond is secured or covered by guarantees or by commitments or
7 agreements to take over, or to purchase, the bonds or notes, and the guarantee,
8 commitment or agreement is made by a federal reserve bank, the federal small
9 business administration, the federal department of defense or the federal maritime
10 commission.

11 3. The note or bond is secured by mortgages or trust deeds insured by the
12 federal housing administration.

13 **(4) OBLIGATIONS OF LOCAL GOVERNMENTAL UNITS.** (a) *Definition.* In this
14 subsection, "local governmental unit" has the meaning given in s. 16.97 (7).

15 (b) *General limitation.* Except as otherwise provided in this subsection, the
16 total liabilities of a local governmental unit to a universal bank for money borrowed
17 may not, at any time, exceed 25% of the capital of the universal bank.

18 (c) *Revenue obligations.* Liabilities in the form of revenue obligations of a local
19 governmental unit are subject to the limitations provided in par. (b). In addition, a
20 universal bank is permitted to invest in a general obligation of that local
21 governmental unit in an amount that will bring the combined total of the general
22 obligations and revenue obligations of a single local governmental unit to a sum not
23 in excess of 50% of the capital of the universal bank.

24 (d) *General obligations.* If the liabilities of the local governmental unit are in
25 the form of bonds, notes or other evidences of indebtedness that are a general

ASSEMBLY BILL 898

1 obligation of a local governmental unit, the total liability of the local governmental
2 unit may not exceed 50% of the capital of the universal bank.

3 (e) *Temporary borrowings.* The total amount of temporary borrowings of any
4 local governmental unit maturing within one year after the date of issue may not
5 exceed 60% of the capital of the universal bank. Temporary borrowings and
6 longer-term general obligation borrowings of a single local governmental unit may
7 be considered separately in determining compliance with this subsection.

8 **(5) OBLIGATIONS OF CERTAIN INTERNATIONAL ORGANIZATIONS; OTHER FOREIGN BONDS.**

9 A universal bank may purchase bonds offered for sale by the International Bank for
10 Reconstruction and Redevelopment and the Inter-American Development Bank or
11 such other foreign bonds as may be approved under rules established by the division.
12 At no time shall the aggregate investment in any of these bonds issued by a single
13 issuer exceed 10% of the capital of such universal bank.

14 **(6) FOREIGN NATIONAL GOVERNMENT BONDS.** A universal bank may purchase
15 general obligation bonds issued by any foreign national government if the bonds are
16 payable in United States funds. The aggregate investment in these foreign bonds
17 may not exceed 3% of the capital of the universal bank, except that this limitation
18 does not apply to bonds of the Canadian government and Canadian provinces that
19 are payable in United States funds.

20 **(7) LIMITS ESTABLISHED BY BOARD.** (a) *When financial statements required.* A
21 universal bank may not make or renew a loan or loans, the aggregate total of which
22 exceeds the level established by the board of directors without being supported by a
23 signed financial statement of the borrower, unless the loan is secured by collateral
24 having a value in excess of the amount of the loan. A signed financial statement
25 furnished by the borrower to a universal bank in compliance with this paragraph

ASSEMBLY BILL 898**SECTION 19**

1 must be renewed annually as long as the loan or any renewal of the loan remains
2 unpaid and is subject to this paragraph.

3 (b) *Treatment of loans complying with limits.* A loan or a renewal of a loan made
4 by a universal bank in compliance with par. (a), without a signed financial statement,
5 may be treated by the universal bank as entirely independent of any secured loan
6 made to the same borrower if the loan does not exceed the limitations provided in this
7 section.

8 (8) EXCEPTIONS. This section does not apply to any of the following:

9 (a) *Liabilities secured by certain short-term federal obligations.* A liability that
10 is secured by not less than a like amount of direct obligations of the United States
11 which will mature not more than 18 months after the date on which such liabilities
12 to the universal bank are entered into.

13 (b) *Certain federal and state obligations or guaranteed obligations.* A liability
14 that is a direct obligation of the United States or this state, or an obligation of any
15 governmental agency of the United States or this state, that is fully and
16 unconditionally guaranteed by the United States or this state.

17 (c) *Commodity Credit Corporation liabilities.* A liability in the form of a note,
18 debenture or certificate of interest of the Commodity Credit Corporation.

19 (d) *Discounting bills of exchange or business or commercial paper.* A liability
20 created by the discounting of bills of exchange drawn in good faith against actually
21 existing values or the discounting of commercial or business paper actually owned
22 by the person negotiating the same.

23 (e) *Certain other federal or federally guaranteed obligations.* In obligations of,
24 or obligations that are fully guaranteed by, the United States and in obligations of
25 any federal reserve bank, federal home loan bank, the Student Loan Marketing

ASSEMBLY BILL 898

1 Association, the Government National Mortgage Association, the Federal National
2 Mortgage Association, the Federal Home Loan Mortgage Corporation, the
3 Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

4 **(9) ADDITIONAL AUTHORITY.** (a) *In general.* In addition to the authority granted
5 under subs. (1) to (8), and except as provided in par. (b), a universal bank may lend
6 under this subsection, through the universal bank or subsidiary of the universal
7 bank, to all borrowers from the universal bank and all of its subsidiaries, an
8 aggregate amount not to exceed 20% of the universal bank's capital. Neither a
9 universal bank nor any subsidiary of the universal bank may lend to any borrower,
10 under this subsection and any other law or rule, an amount that would result in an
11 aggregate amount for all loans to that borrower that exceeds 20% of the universal
12 bank's capital. A universal bank or its subsidiary may take an equity position or
13 other form of interest as security in a project funded through such loans. Every
14 transaction by a universal bank or its subsidiary under this subsection shall require
15 prior approval by the governing board of the universal bank or its subsidiary,
16 respectively. Such loans are not subject to s. 221.0326 or to classification as losses,
17 for a period of 3 years from the date of each loan except as provided in par. (b).

18 (b) *Suspension of additional authority.* The division may suspend authority
19 established under this subsection and, in such case, may specify how an outstanding
20 loan shall be treated by the universal bank or its subsidiary. Among the factors that
21 the division may consider in suspending authority under this subsection are the
22 universal bank's capital, assets, management, liquidity ratio and capital ratio.

23 **222.0405 Investment powers.** (1) **INVESTMENT SECURITIES.** Except as
24 provided in subs. (3) to (8), a universal bank may purchase, sell, underwrite and hold
25 investment securities, consistent with safe and sound banking practices, up to 100%

ASSEMBLY BILL 898**SECTION 19**

1 of the universal bank's capital. In this subsection, "investment securities" includes
2 commercial paper, banker's acceptances, marketable securities in the form of bonds,
3 notes, debentures and similar instruments that are regarded as investment
4 securities.

5 (2) EQUITY SECURITIES. Except as provided in subs. (3) to (8), a universal bank
6 may purchase, sell, underwrite and hold equity securities, consistent with safe and
7 sound banking practices, up to 20% of capital or, if approved by the division in
8 writing, a greater percentage of capital.

9 (3) HOUSING ACTIVITIES. With the prior written consent of the division, a
10 universal bank may invest in the initial purchase and development, or the purchase
11 or commitment to purchase after completion, of home sites and housing for sale or
12 rental, including projects for the reconstruction, rehabilitation or rebuilding of
13 residential properties to meet the minimum standards of health and occupancy
14 prescribed for a local governmental unit, the provision of accommodations for retail
15 stores, shops and other community services that are reasonably incident to that
16 housing, or in the stock of a corporation that owns one or more of those projects and
17 that is wholly owned by one or more financial institutions. The total investment in
18 any one project may not exceed 15% of the universal bank's capital, nor may the
19 aggregate investment under this subsection exceed 50% of capital. A universal bank
20 may not make an investment under this subsection unless it is in compliance with
21 the capital requirements set by the division under s. 222.0305 (1) and with the capital
22 maintenance requirements of its deposit insurance corporation.

23 (4) PROFIT PARTICIPATION PROJECTS. A universal bank may take equity positions
24 in profit-participation projects, including projects funded through loans from the
25 universal bank, in an aggregate amount not to exceed 20% of capital. The division

ASSEMBLY BILL 898

1 may suspend the investment authority under this subsection. If the division
2 suspends the investment authority under this subsection, the division may specify
3 how outstanding investments under this subsection shall be treated by the universal
4 bank or its subsidiary. Among the factors that the division may consider in
5 suspending authority under this subsection are the universal bank's capital, assets,
6 management, liquidity ratio and capital ratio. This subsection does not authorize a
7 universal bank, directly or indirectly through a subsidiary, to engage in the business
8 of underwriting insurance.

9 (5) DEBT INVESTMENTS. A universal bank may invest in bonds, notes, obligations
10 and liabilities described under s. 222.0403 (3) to (7), subject to the limitations under
11 those subsections.

12 (6) CERTAIN LIABILITIES. This section does not limit investment in the
13 liabilities described in s. 222.0403 (8).

14 (7) CERTAIN INVESTMENTS. A universal bank may invest without limitation in
15 any of the following:

16 (a) *Business development corporations.* Stocks or obligations of a corporation
17 organized for business development by this state or by the United States or by an
18 agency of this state or the United States.

19 (b) *Urban renewal investment corporations.* Obligations of an urban renewal
20 investment corporation organized under the laws of this state or of the United States.

21 (c) *Certain bank insurance companies.* An equity interest in an insurance
22 company or an insurance holding company organized to provide insurance for
23 universal banks and for persons affiliated with universal banks, solely to the extent
24 that this ownership is a prerequisite to obtaining directors' and officers' insurance
25 or blanket bond insurance for the universal bank through the company.

ASSEMBLY BILL 898**SECTION 19**

1 (d) *Certain remote service unit corporations.* Shares of stock, whether
2 purchased or otherwise acquired, in a corporation acquiring, placing and operating
3 remote service units under s. 214.04 (21) or 215.13 (46) or bank communications
4 terminals under s. 221.0303 (2).

5 (e) *Service corporations.* Equity or debt securities or instruments of a service
6 corporation subsidiary of the universal bank.

7 (f) *Federal funds.* Advances of federal funds.

8 (g) *Certain risk management financial products.* With the prior written
9 approval of the division, financial futures transactions, financial options
10 transactions, forward commitments or other financial products for the purpose of
11 reducing, hedging or otherwise managing its interest rate risk exposure.

12 (h) *Certain fiduciaries.* A subsidiary organized to exercise corporate fiduciary
13 powers under ch. 112.

14 (i) *Agricultural credit corporations.* An agricultural credit corporation. Unless
15 a universal bank owns at least 80% of the stock of the agricultural credit corporation,
16 a universal bank may not invest more than 20% of the universal bank's capital in the
17 agricultural credit corporation.

18 (j) *Deposit accounts and insured obligations.* Deposit accounts or insured
19 obligations of any financial institution, the accounts of which are insured by a deposit
20 insurance corporation.

21 (k) *Certain federal obligations.* Obligations of, or obligations that are fully
22 guaranteed by, the United States and stocks or obligations of any federal reserve
23 bank, federal home loan bank, the Student Loan Marketing Association, the
24 Government National Mortgage Association, the Federal National Mortgage

ASSEMBLY BILL 898

1 Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit
2 Insurance Corporation.

3 (L) *Other investments.* Any other investment authorized by the division.

4 (8) INVESTMENTS IN OTHER FINANCIAL INSTITUTIONS. In addition to the authority
5 granted under ss. 222.0307 and 222.0409, and subject to the limitations of sub. (2),
6 a universal bank may invest in other financial institutions.

7 (9) INVESTMENTS THROUGH SUBSIDIARIES. A universal bank may make
8 investments under this section, directly or indirectly through a subsidiary, unless
9 the division determines that an investment shall be made through a subsidiary with
10 appropriate safeguards to limit the risk exposure of the universal bank.

11 **222.0407 Universal bank purchase of its own stock.** (1) IN GENERAL. A
12 universal bank may hold or purchase not more than 10% of its capital stock, notes
13 or debentures, except as provided in sub. (2) or (3).

14 (2) DIVISION APPROVAL. A universal bank may hold or purchase more than 10%
15 of its capital stock, notes or debentures, if approved by the division.

16 (3) ADDITIONAL AUTHORITY. A universal bank may hold or purchase more than
17 10% of its capital stock, notes or debentures if the purchase is necessary to prevent
18 loss upon a debt previously contracted in good faith. Stock, notes or debentures held
19 or purchased under this subsection may not be held by the universal bank for more
20 than 6 months if the stock, notes or debentures can be sold for the amount of the claim
21 of the universal bank against the holder of the debt previously contracted. The
22 universal bank shall either sell the stock, notes or debentures within 12 months of
23 acquisition under this subsection or shall cancel the stock, notes or debentures.
24 Cancellation of the stock, notes or debentures reduces the amount of the universal
25 bank's capital stock, notes or debentures. If the reduction reduces the universal

ASSEMBLY BILL 898**SECTION 19**

1 bank's capital below the minimum level required by the division, the universal bank
2 shall increase its capital to the amount required by the division.

3 (4) LOANS SECURED BY CAPITAL, SURPLUS OR DEPOSITS. A universal bank may not
4 loan any part of its capital, surplus or deposits on its own capital stock, notes or
5 debentures as collateral security, except that a universal bank may make a loan
6 secured by its own capital stock, notes or debentures to the same extent that the
7 universal bank may make a loan secured by the capital stock, notes and debentures
8 of a holding company for the universal bank.

9 **222.0409 Stock in bank-owned banks.** With the approval of the division,
10 a universal bank may acquire and hold stock in one or more banks chartered under
11 s. 221.1202 or national banks chartered under 12 USC 27 (b) or in one or more
12 holding companies wholly owning such a bank. Aggregate investments under this
13 section may not exceed 10% of the universal bank's capital.

14 **222.0411 General deposit powers. (1) IN GENERAL.** A universal bank may
15 set eligibility requirements for, and establish the types and terms of, deposits that
16 the universal bank solicits and accepts. The terms set under this subsection may
17 include minimum and maximum amounts that the universal bank may accept and
18 the frequency and computation method of paying interest.

19 (2) PLEDGE OF SECURITY FOR DEPOSITS. Subject to the limitations of s. 221.0324
20 that are applicable to banks, a universal bank may pledge its assets as security for
21 deposits.

22 (3) SECURITIZATION OF ASSETS. With the approval of the division, a universal
23 bank may securitize its assets for sale to the public. The division may establish
24 procedures governing the exercise of authority granted under this subsection.

ASSEMBLY BILL 898

1 (4) SAFE DEPOSIT POWERS. A universal bank may take and receive, from any
2 individual or corporation for safekeeping and storage, gold and silver plate, jewelry,
3 money, stocks, securities, and other valuables or personal property; and rent out the
4 use of safes or other receptacles upon its premises upon such compensation as may
5 be agreed upon. A universal bank has a lien for its charges on any property taken
6 or received by it for safekeeping. If the lien is not paid within 2 years from the date
7 the lien accrues, or if property is not called for by the person depositing the property,
8 or by his or her representative or assignee, within 2 years from the date the lien
9 accrues, the universal bank may sell the property at public auction. A universal bank
10 shall provide the same notice for a sale under this subsection that is required by law
11 for sales of personal property on execution. After retaining from the proceeds of the
12 sale all of the liens and charges due the bank and the reasonable expenses of the sale,
13 the universal bank shall pay the balance to the person depositing the property, or to
14 his or her representative or assignee.

15 **222.0413 Other service and incidental activity powers.** (1) NECESSARY
16 OR CONVENIENT POWERS. Unless otherwise prohibited or limited by this chapter, a
17 universal bank may exercise all powers necessary or convenient to effect the
18 purposes for which the universal bank is organized or to further the businesses in
19 which the universal bank is lawfully engaged.

20 (2) REASONABLY RELATED POWERS. (a) Subject to any applicable state or federal
21 licensing requirements, a universal bank may engage, directly or indirectly through
22 a subsidiary, in activities reasonably related or incident to the purposes of the
23 universal bank. Activities reasonably related or incident to the purposes of the
24 universal bank are those activities that are part of the business of financial
25 institutions, or closely related to the business of financial institutions, or convenient

ASSEMBLY BILL 898**SECTION 19**

1 and useful to the business of financial institutions, or reasonably related or incident
2 to the operation of financial institutions or are financial in nature. Activities that
3 are reasonably related or incident to the purposes of a universal bank include the
4 following:

- 5 1. Business and professional services.
- 6 2. Data processing.
- 7 3. Courier and messenger services.
- 8 4. Credit-related activities.
- 9 5. Consumer services.
- 10 6. Real estate related services, including real estate brokerage services.
- 11 7. Insurance and related services, other than insurance underwriting.
- 12 8. Securities brokerage.
- 13 9. Investment advice.
- 14 10. Securities and bond underwriting.
- 15 11. Mutual fund activities.
- 16 12. Financial consulting.
- 17 13. Tax planning and preparation.
- 18 14. Community development and charitable activities.
- 19 15. Debt cancellation contracts.
- 20 16. Any activities reasonably related or incident to activities under subds. 1.

21 to 15.

22 (b) An activity that is authorized by statute or regulation for financial
23 institutions to engage in as of the effective date of this paragraph [revisor inserts
24 date], is an activity that is reasonably related to or incident to the purposes of a
25 universal bank. An activity permitted under the Bank Holding Company Act is an

ASSEMBLY BILL 898

1 activity that is reasonably related to or incident to the purposes of a universal bank.
2 The list of activities reasonably related or incident to the purposes of a universal
3 bank may be expanded by the division. Any additional activity approved by the
4 division shall be authorized for all universal banks.

5 (3) NOTICE REQUIREMENT. A universal bank shall give 60 days' prior written
6 notice to the division of the universal bank's intention to engage in an activity under
7 this section.

8 (4) STANDARDS FOR DENIAL. The division may deny the authority of a universal
9 bank to engage in an activity under this section, other than those activities described
10 in sub. (2) (a) 1. to 16., if the division determines that the activity is not an activity
11 reasonably related or incident to the purposes of a universal bank or that the
12 financial institution is not well-capitalized or adequately capitalized or is the subject
13 of an enforcement action.

14 (5) INSURANCE INTERMEDIATION. A universal bank, or an officer or salaried
15 employe of a universal bank, may obtain a license as an insurance intermediary, if
16 otherwise qualified. A universal bank may not, directly or indirectly through a
17 subsidiary, engage in the business of underwriting insurance.

18 (6) OTHER ACTIVITIES APPROVED BY THE DIVISION. A universal bank may engage
19 in any other activity that is approved by the division.

20 (7) ACTIVITIES PROVIDED THROUGH A SUBSIDIARY. A universal bank may engage
21 in activities under this section, directly or indirectly through a subsidiary, unless the
22 division determines that an activity must be conducted through a subsidiary with
23 appropriate safeguards to limit the risk exposure of the universal bank.

24 (8) LIMITATIONS ON INVESTMENTS THROUGH SUBSIDIARIES. The amount of the
25 investment in any one subsidiary that engages in an activity under this section may

ASSEMBLY BILL 898**SECTION 19**

1 not exceed 20% of capital or, if approved by the division, a higher percentage
2 authorized by the division. The aggregate investment in all subsidiaries that engage
3 in an activity under this subsection may not exceed 50% of capital or, if approved by
4 the division, a higher percentage authorized by the division.

5 **(9) OWNERSHIP OF SUBSIDIARIES.** A subsidiary that engages in an activity under
6 this section may be owned jointly, with one or more other financial institutions,
7 individuals or entities.

8 **222.0415 Trust powers.** Subject to rules of the division, a universal bank may
9 exercise trust powers in accordance with s. 221.0316.

10 **SECTION 20.** 223.105 (3) (a) of the statutes is amended to read:

11 223.105 **(3)** (a) To assure compliance with such rules as may be established
12 under s. 220.04 (7) the division of banking, the office of credit unions and the division
13 of savings and loan institutions shall, at least once every 18 months, examine the
14 fiduciary operations of each organization which is under its respective jurisdiction
15 and is subject to examination under sub. (2). If a particular organization subject to
16 examination under sub. (2) is not otherwise under the jurisdiction of one of the
17 foregoing agencies, such examination shall be conducted by the division of banking.

18 **SECTION 21.** 223.105 (4) of the statutes, as affected by 1997 Wisconsin Act 35,
19 is amended to read:

20 223.105 **(4)** NOTICE OF FIDUCIARY OPERATION. Except for those organizations
21 licensed under ch. 221 or this chapter, any organization engaged in fiduciary
22 operations as defined in this section shall, as required by rule, notify the division of
23 banking, the office of credit unions or the division of savings and loan institutions of
24 that fact, directing the notice to the agency then exercising regulatory authority over
25 the organization or, if there is none, to the division of banking. Any organization

ASSEMBLY BILL 898

1 which intends to engage in fiduciary operations shall, prior to engaging in such
2 operations, notify the appropriate agency of this intention. The notifications
3 required under this subsection shall be on forms and contain information required
4 by the rules promulgated by the division of banking.

5 **SECTION 22.** 223.105 (5) of the statutes is amended to read:

6 223.105 (5) ENFORCEMENT REMEDY. The division of banking or the division of
7 savings and loan institutions or office of credit unions shall upon the failure of such
8 organization to submit notifications or reports required under this section or
9 otherwise to comply with the provisions of this section, or rules established by the
10 division of banking under s. 220.04 (7), upon due notice, order such defaulting
11 organization to cease and desist from engaging in fiduciary activities and may apply
12 to the appropriate court for enforcement of such order.

13 **SECTION 23.** 223.105 (6) of the statutes is amended to read:

14 223.105 (6) SUNSET. Except for an organization regulated by the office of credit
15 unions or the division of savings and loan institutions or an organization authorized
16 by the division of banking to operate as a bank or trust company under ch. 221 or this
17 chapter, an organization may not begin activity as a fiduciary operation under this
18 section after May 12, 1992. An organization engaged in fiduciary operations under
19 this section on May 12, 1992, may continue to engage in fiduciary operations after
20 that date.

21 **SECTION 24.** 227.52 (5) of the statutes, as affected by 1997 Wisconsin Act 27,
22 is amended to read:

23 227.52 (5) Decisions of the division of savings and loan institutions.

24 **SECTION 25.** 227.53 (1) (b) 4. of the statutes is amended to read:

ASSEMBLY BILL 898**SECTION 25**

1 227.53 (1) (b) 4. The savings and loan review board, the division of savings and
2 loan institutions, except if the petitioner is the division of savings and loan
3 institutions, the prevailing parties before the savings and loan review board shall be
4 the named respondents.

5 **SECTION 26.** 227.53 (1) (b) 5. of the statutes is amended to read:

6 227.53 (1) (b) 5. The savings bank review board, the division of savings and loan
7 institutions, except if the petitioner is the division of savings and loan institutions,
8 the prevailing parties before the savings bank review board shall be the named
9 respondents.

10 **SECTION 27.** 552.23 (1) of the statutes is amended to read:

11 552.23 (1) If the target company is an insurance company subject to regulation
12 by the commissioner of insurance, a banking corporation subject to regulation by the
13 division of banking, a savings bank or savings and loan association subject to
14 regulation by the division of savings and loan institutions, or a company subject to
15 regulation by the public service commission, the department of transportation or the
16 office of the commissioner of railroads, the division of securities shall promptly
17 furnish a copy of the registration statement filed under this chapter to the regulatory
18 agency having supervision of the target company. Any hearing under this chapter
19 involving any such target company shall be held jointly with the regulatory agency
20 having supervision, and any determination following the hearing shall be made
21 jointly with that regulatory agency.

22 **SECTION 28.** 813.16 (7) of the statutes is amended to read:

23 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)
24 is a corporation supervised by the division of savings and loan institutions, home
25 loan bank board, U.S. office of thrift supervision, federal deposit insurance

ASSEMBLY BILL 898

1 corporation or resolution trust corporation, the court, unless the opposing party
2 objects, shall appoint an officer of such corporation as receiver to act without
3 compensation and to give such bond as the court requires.

4 **SECTION 29.** 992.21 of the statutes is created to read:

5 **992.21 Actions by division of savings and loan validated.** Any action
6 taken by the division of savings and loan between July 1, 1996, and the effective date
7 of this section [revisor inserts date], under the name of the division of savings
8 institutions has the same force and effect in all respects as if the action had been
9 taken under the name of the division of savings and loan.

10 **SECTION 30. Nonstatutory provisions.**

11 (1) EMERGENCY RULE-MAKING AUTHORITY. Using the procedure under section
12 227.24 of the statutes, the division of banking shall promulgate rules required under
13 chapter 222 of the statutes, as created by this act, for the period before permanent
14 rules become effective, but not to exceed the period authorized under section 227.24
15 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a) and (2) (b) of the
16 statutes, the division of banking need not provide evidence of the necessity of
17 preservation of the public peace, health, safety or welfare in promulgating rules
18 under this subsection.

19 **SECTION 31. Effective dates.** This act takes effect on the day after
20 publication, except as follows:

21 (1) UNIVERSAL BANKING. The treatment of section 220.04 (9) (a) 2. and chapter
22 222 of the statutes takes effect on the first day of the 3rd month beginning after
23 publication.

24

(END)