

Committee on Banking and Insurance

CS/CS/HB 455 — Governance of Banks and Trust Companies

by Commerce Committee; Insurance and Banking Subcommittee; and Rep. McClain and others (CS/SB 416 by Banking and Insurance Committee and Senator Thurston)

The bill amends the financial institution codes to expand the pool of eligible individuals who may serve as a director, president, or chief executive officer of a new or existing bank or trust company that is subject to regulation by the Office of Financial Regulation. Further, the bill clarifies and revises the limitations on corporate investments.

For existing and new state-chartered banks and trust companies, the bill extends the period from 3 to 5 years during which certain officers and directors must have achieved at least 1 year of direct financial institution experience. Under current law, at least two proposed directors, who are not also proposed officers, must have the requisite experience within the 3 years prior to the date of the application for charter. For existing state-chartered banks or trust companies, the president, chief executive officer, or any other person with an equivalent rank, must have had at least 1 year of direct experience within the last 3 years.

The bill requires that at least a majority, rather than three-fifths, of the directors of a state-chartered bank or trust company must have resided in this state for at least 1 year preceding their election and must continue their residency in Florida for the duration of their time in office. This change will align the residency requirement for Florida state-chartered banks with the residency requirement for national banks.

Lastly, the bill amends current law to clarify an ambiguity in the interpretation of investment limits relating to corporate obligations or corporate bonds. The bill clarifies that:

- The types of entities for which the limitation on investments in corporations applies are subsidiary corporations and affiliates.
- The limitation on investments in corporations applies to an aggregate of any combination of stocks, obligations, and other securities of subsidiary corporations and affiliates.
- The aggregate of such investments may not exceed 10 percent of the total assets of the bank.

The bill has no fiscal impact on the Office of Financial Regulation.

If approved by the Governor, these provisions take effect July 1, 2018.

Vote: Senate 36-0; House 107-0