

SENATE BILL No. 178

AN ACT concerning financial institutions; relating to the state banking code; trust companies; providing for charter conversions; amending K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2020 Supp. 9-803 is hereby amended to read as follows: 9-803. (a) Any bank *or trust company* with articles of incorporation that have lapsed, or hereafter shall lapse, may renew and extend the bank's *corporate existence or the trust company's* corporate existence in the manner provided by law and upon payment of the requisite fees.

(b) The acts of any bank or trust company with articles of incorporation that have lapsed or terminated by the expiration of time and such bank's or trust company's corporate existence is renewed and extended are hereby legalized and declared to be valid in the same manner and to the same effect as though the banks and trust companies had been duly authorized at all times since their organization.

Sec. 2. K.S.A. 2020 Supp. 9-808 is hereby amended to read as follows: 9-808. (a) Any national bank, federal savings association or federal savings bank organized under the laws of the United States and located in this state may become a state bank *or state trust company* upon the affirmative vote of not less than $\frac{2}{3}$ of the institution's outstanding voting stock or voting interests of members. Any national bank, federal savings association or federal savings bank desiring to become a state bank *or state trust company* shall apply to the commissioner for permission to convert to a state bank *or state trust company* and:

(1) Shall submit a transcript of the minutes of the meeting of the institution's stockholders or voting interests of members showing approval of the proposed conversion;

(2) the name selected for the bank shall not be the name of any other *state bank*:

(A) Doing business in the same city or town; or

(B) within a 15-mile radius of the location of the converted institution;

(3) *the name selected for the trust company shall be different or substantially dissimilar from any other trust company doing business in the state.* The name shall be accepted or rejected by the commissioner, although any *state bank or state trust company* may request exemption from the commissioner from this paragraph; and

~~(3)~~(4) provide any other information required in the application form prescribed by the commissioner.

(b) A federal savings association or federal savings bank operating in a mutual form and seeking to become a stock bank must also convert to a stock form prior to converting to a state bank and shall submit appropriate documentation to the commissioner to show that the appropriate federal regulator has approved such mutual to stock conversion.

(c) Upon receipt of each of the items required by this section the commissioner shall make or cause to be made such investigation as the commissioner deems necessary to determine whether:

(1) All state and federal requirements for a conversion have been satisfied;

(2) the conversion or the financial condition of the bank *or trust company* will not adversely affect the interests of the depositors;

(3) the resulting state bank *or state trust company* will have an adequate capital structure in accordance with K.S.A. 9-901a et seq., and amendments thereto; and

(4) the competence, experience or integrity of the proposed management personnel indicates that approving the conversion would be in the interest of the depositors of the bank *or trust company* and in the

interest of the public.

(d) If the commissioner determines each of the matters in subsection (c) favorably, the conversion shall be approved, and the commissioner shall issue a certificate of authority. Upon issuance of a certificate of authority, the articles of incorporation, duly executed as required by the Kansas corporate code, shall be filed with the Kansas secretary of state's office.

(e) In any conversion authorized by this section, the resulting state bank *or state trust company* by operation of law shall continue all trust functions being exercised by the national bank, federal savings association or federal savings bank and shall be substituted for the national bank, federal savings association or federal savings bank and shall have the right to exercise trust or fiduciary powers created by any instrument designating the national bank, federal savings association or federal savings bank, even though such instruments are not yet effective.

(f) In any conversion authorized by this section, the resulting state bank *or state trust company* shall succeed by operation of law without any conveyance or transfer by the act of the national bank, federal savings association or federal savings bank to all the actual or potential assets, real property, tangible personal property, intangible personal property, rights, franchises and interests, including those in a fiduciary capacity of the national bank, federal savings association or federal savings bank and shall be subject to all of the liabilities of the national bank, federal savings association or federal savings bank.

(g) In any conversion authorized by this section the corporate existence of the national bank, federal savings association or federal savings bank shall be continued in the resulting state bank *or state trust company*, and the resulting state bank *or state trust company* shall be deemed to be the identical corporate entity as the national bank, federal savings association or federal savings bank.

(h) Within a reasonable time after the effective date of the conversion, the resulting state bank *or state trust company* shall divest all assets and liabilities that do not conform to state banking laws and rules and regulations. The length of this transition period shall be determined by the commissioner.

Sec. 3. K.S.A. 2020 Supp. 9-809 is hereby amended to read as follows: 9-809. (a) Any state bank *or state trust company* may convert to a national bank, federal savings and loan association or federal savings bank upon the affirmative vote of not less than $\frac{2}{3}$ of the bank's outstanding voting stock or members.

(b) The state bank *or state trust company* shall provide a copy of the application submitted to the comptroller of currency to the commissioner within 10 days after the date the state bank *or state trust company* applies for approval to convert to a national banking association, federal savings and loan association or federal savings bank from the office of the comptroller of the currency.

(c) The state bank *or state trust company* shall provide to the commissioner written notice of approval by the comptroller of currency to convert to a national bank, federal savings and loan association or federal savings bank within 10 days of receiving the approval.

(d) Within 15 days following the issuance of a charter certificate to the bank *or trust company* by the comptroller, the *state bank or state trust company* shall surrender its state certificate of authority or charter and shall certify in writing that notice of the conversion has been given to the Kansas secretary of state's office.

Sec. 4. K.S.A. 2020 Supp. 9-1717 is hereby amended to read as follows: 9-1717. (a) Except with the written consent of the commissioner, no person shall serve as a director, officer or employee

of a *state bank or state trust company* who has been convicted, or who is hereafter convicted, of any felony or any crime involving dishonesty or a breach of trust.

(b) Any *state bank* ~~which~~ *or state trust company* that willfully violates subsection (a), shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine of \$1,000 for each day the violation continues.

Sec. 5. K.S.A. 2020 Supp. 9-803, 9-808, 9-809 and 9-1717 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the
SENATE, and passed that body

SENATE concurred in

HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE

as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.