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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

No. **555** Session of  
1961

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INTRODUCED BY MESSRS. WEINER AND RIPP, APRIL 24, 1961.

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REFERRED TO COMMITTEE ON BANKING, APRIL 24, 1961.

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**AN ACT**

Amending the act of May 15 1933 (P L 624) entitled as amended "An act relating to the business of banking and to the exercise of fiduciary powers by corporations providing for the organization of corporations with fiduciary powers and of banking corporations with or without fiduciary powers including the conversion of National banks into State banks and for the licensing of private bankers and employes' mutual banking associations defining the rights powers duties liabilities and immunities of such corporations of existent corporations authorized to engage

EXPLANATION—CAPITAL LETTERS indicate new matter added to bill. Matter stricken through is to be omitted from bill. Underscoring indicates new matter added to existing law. [Brackets] indicate matter stricken from existing law.

in a banking business with or without fiduciary powers of private bankers and employes' mutual banking associations and of the officers directors trustees shareholders attorneys and other employes of all such corporations employes' mutual banking associations or private bankers or of affiliated corporations associations or persons restricting the exercise of banking powers by any other corporation association or person and of fiduciary powers by any other corporation conferring powers and imposing duties upon the courts prothonotaries recorders of deeds and certain State departments commissions and officers imposing penalties and repealing certain acts and parts of acts" further providing for the participation of loans between banking companies

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows

- 1 Section 1 Subsection A of section 1001 act of May 15 1933 P L
- 2 624) known as the "Banking Code" is amended by adding after clause
- 3 (4) a new clause to read
- 4 Section 1001 Powers of Banks Bank and Trust Companies or Trust
- 5 Companies A In addition to the general corporate powers granted by

1 this act and in addition to any powers specifically granted to a bank  
2 or a bank and trust company elsewhere in this act a bank or a bank and  
3 trust company shall have the following powers subject to the limitations  
4 and restrictions imposed by this act

5 \* \* \*

6 (4.1) To buy or sell from or to other banks or bank and trust com-  
7 panies as defined in this act national banking associations or similar  
8 banking companies chartered under the laws of any other state partici-  
9 partions in the form of undivided interests in pools or funds of obliga-  
10 tions but only to the extent and in the manner as hereinafter provided

11 (a) No participations shall be bought or sold in a pool or fund of  
12 obligations except in a pool or fund which consists exclusively of direct  
13 installment loans conforming with the provisions of clause (4) of this  
14 subsection in which case the originating bank bank and trust company  
15 national banking association or other banking company shall retain an  
16 undivided interest of at least fifty per centum of the pool or fund or  
17 except in a pool or fund which consists exclusively of evidences of debt  
18 other than those secured by real estate mortgages acquired by discount  
19 purchase negotiation or assignment in which case the originating bank

1 bank and trust company national banking association or similar banking  
2 company shall retain an undivided interest of at least twenty-five per  
3 centum of the pool or fund

4 (b) Any obligation which is included in a pool or fund of obligations  
5 as described in subclause (a) of this clause shall be clearly identified as  
6 being a part of such pool or fund From time to time additional qualify-  
7 ing obligations may be added to any such pool or fund

8 (c) A bank or a bank and trust company which sells a participation  
9 hereunder shall be under no obligation to repurchase such participation

10 (d) A bank or a bank and trust company which sells a participation  
11 hereunder shall not in any manner guarantee the payment of principal  
12 or interest of any obligation included in the pool or fund Provided That  
13 this shall not prevent a bank or a bank and trust company from agreeing  
14 to pay solely from the earnings of the pool or fund a fixed rate of return  
15 on any participation therein

16 \* \* \*

17 Section 2 Clause (5) of subsection A of section 1001 of the act  
18 amended September 11 1959 (P L 881) is amended to read

19 Section 1001 Powers of Banks Bank and Trust Companies or Trust  
20 Companies A In addition to the general corporate powers granted by

1 this act and in addition to any powers specifically granted to a bank or  
2 a bank and trust company elsewhere in this act a bank or a bank or trust  
3 company shall have the following powers subject to the limitations and  
4 restrictions imposed by this act

5 \* \* \*

6 (5) To discount buy sell negotiate or assign promissory notes drafts  
7 bills of exchange trade and bank acceptances stocks bonds or other evi-  
8 dences of debt and to discount buy sell negotiate or assign without reten-  
9 tion of any specific interest any fractional interest in any such single  
10 evidence of debt or in one or more evidences of debt of the same debtor  
11 or debtors from or to other banks bank and trust companies savings  
12 banks or trust companies saving and loan associations or insurance com-  
13 panies incorporated under the laws of this or any other state Federal  
14 savings and loan associations national banking associations The Inter-  
15 national Bank for Reconstruction and Development the Pennsylvania  
16 Industrial Development Authority any Federal Reserve Bank and any  
17 department bureau board commission or establishment of the United

**621—Printer's No.**

**1** States including any corporation wholly owned directly or indirectly

**2** by the United States

**3** \* \* \*

**4** Section 3 This act shall take effect immediately

We certify that this bill has passed the Senate and the House of  
Representatives.

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Chief Clerk, Senate

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President pro tempore, Senate

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Speaker, House of Representatives

Approved The ..... day of ..... A. D. 1961.

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Governor