
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. **456** Session of
1961

MESSRS. WEINER AND SILVERT, IN PLACE, APRIL 4, 1961.

AS AMENDED ON THIRD READING, IN HOUSE OF
REPRESENTATIVES, JULY 24, 1961.

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

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.

corporations of existent corporations authorized to engage 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" changing certain provisions with respect to the payment of interest on deposits and FURTHER REGULATING APPROVAL OF ~~eliminating the time limit in which action must be taken on~~ articles of merger or consolidation BY THE DEPARTMENT OF BANKING

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

1 Section 1 Section 1003 act of May 15 1933 (P L 624) known
2 as the "Banking Code" amended July 2 1935 (P L 542) and September
3 11 1959 (P L 881) is amended to read

4 Section 1003 Interest on Deposits [A] A bank or a bank and
5 trust company shall have the power to credit and pay on all deposits
6 such interest as may be established from time to time by agreement
7 or regulation Such interest shall be paid to the respective depositors
8 or credited to their accounts at least annually and in the case of cer-
9 tificates of deposit interest shall be paid or accrued at least annually The
10 department may from time to time limit by regulation the maximum
11 rate of interest which may be paid by a bank or a bank and trust com-
12 pany may provide for grace periods not in excess of thirty days
13 with respect to the payment of interest on deposits may classify
14 deposits according to maturities locations of banks and of bank and
15 trust companies may prescribe conditions respecting receipt withdrawal
16 or repayment or otherwise as may be deemed advisable in the public
17 interest and may prescribe different maximum rates for deposits of
18 different classes

19 [B A bank or a bank and trust company shall not credit or pay
20 any interest on any deposit for a longer period than it has been de-]

1 [posited with the bank or bank and trust company except that deposits
2 made not later than the tenth business day of any month which com-
3 mences a regular quarterly or semi-annual interest period or the fifth
4 business day of any other month or deposits withdrawn upon one of the
5 last three business days of the month ending any annual semi-annual
6 or quarterly interest period may have interest declared upon them for
7 the whole of the period or month in which they were so deposited or
8 withdrawn It shall also be lawful for deposit accounts closed between
9 interest periods to be credited with interest computed from the last
10 interest period to the date when closed]

11 B A BANK OR A BANK AND TRUST COMPANY MAY
12 CREDIT OR PAY INTEREST ON ANY DEPOSIT FOR THE
13 PERIOD IT HAS BEEN ON DEPOSIT WITH THE BANK OR
14 BANK AND TRUST COMPANY AND FOR SUCH ADDITIONAL
15 PERIOD NOT EXCEEDING THIRTY DAYS IN THE AGGRE-
16 GATE AS THE DEPARTMENT MAY PROVIDE BY REGULA-
17 TION IT SHALL ALSO BE LAWFUL FOR DEPOSIT ACCOUNTS
18 CLOSED BETWEEN INTEREST PERIODS TO BE CREDITED

1 WITH INTEREST COMPUTED FROM THE LAST INTEREST
2 PERIOD TO THE DATE WHEN CLOSED

3 Section 2 Section 1204 and subsection B of section 1406 of the
4 act amended September 11 1959 (P L 881) are amended to read

5 Section 1204 Interest on Deposits {A} Anything in its articles to
6 the contrary notwithstanding a savings bank shall have the power to
7 credit and pay on all deposits such interest not however exceeding five
8 per centum per annum as may be established from time to time by
9 agreement or regulation Provided That the department may from time
10 TO TIME LIMIT BY REGULATION THE MAXIMUM RATE OF
11 INTEREST WHICH MAY be paid by a savings bank may provide
12 grace periods not in excess of thirty days with respect to the payment
13 of interest on deposits may classify deposits according to maturities
14 location of savings banks may prescribe conditions respecting receipt
15 withdrawal or repayment or otherwise as may be deemed advisable in
16 the public interest and may prescribe different maximum rates for de-
17 posits of different classes Such interest shall be paid to the respective
18 depositors or credited to their accounts at least annually and in the case
19 of certificates of deposit interest shall be paid or accrued at least annually

20 [B The trustees shall not declare or allow interest on any deposit]

1 [for a longer period than it has been deposited with the savings bank
2 except that deposits made not later than the tenth business day of any
3 month which commences a regular quarterly or semi-annual interest
4 period or the fifth business day of any other month or deposits with-
5 drawn upon one of the last three business days of the month ending
6 any annual semi-annual or quarterly interest period may have interest
7 declared upon them for the whole of the period or month in which
8 they were so deposited or withdrawn It shall also be lawful for deposit
9 accounts closed between interest periods to be credited with interest
10 computed from the last interest period to the date when closed]

11 B THE TRUSTEES MAY DECLARE OR ALLOW INTEREST
12 ON ANY DEPOSIT FOR THE PERIOD IT HAS BEEN ON DE-
13 POSIT WITH THE SAVINGS BANK AND FOR SUCH ADDI-
14 TIONAL PERIOD NOT EXCEEDING THIRTY DAYS IN THE
15 AGGREGATE AS THE DEPARTMENT MAY PROVIDE BY REG-
16 ULATION IT SHALL ALSO BE LAWFUL FOR DEPOSIT AC-
17 COUNTS CLOSED BETWEEN INTEREST PERIODS TO BE
18 CREDITED WITH INTEREST COMPUTED FROM THE LAST
19 INTEREST PERIOD TO THE DATE WHEN CLOSED

1 Section 1406 Approval of Articles of Merger or Consolidation by
2 Department of Banking * * *

3 B ~~{Within sixty days after}~~ After the receipt of the articles of
4 merger or articles of consolidation from the Department of State the
5 Department of Banking shall upon the basis of the facts disclosed
6 by the investigation provided for by this section either approve or dis-
7 approve such articles [It shall ~~{immediately}~~ notify the Department of
8 State in writing of its action If it shall approve the articles of merger
9 or articles of consolidation it shall endorse its approval thereon and shall
10 return them to the Department of State] IF THE DEPARTMENT
11 OF BANKING APPROVES THE ARTICLES IT SHALL IMMEDI-
12 ATELY NOTIFY THE CORPORATIONS DESIRING TO MERGE
13 OR CONSOLIDATE OF ITS ACTION IF NO OTHER APPROVALS
14 ARE REQUIRED BY THE LAWS OF THE COMMONWEALTH
15 OR OF THE UNITED STATES BEFORE THE MERGER OR CON-
16 SOLIDATION CAN BECOME EFFECTIVE THE DEPARTMENT
17 OF BANKING SHALL IMMEDIATELY ENDORSE ITS APPROV-
18 AL ON THE ARTICLES AND RETURN THEM TO THE DEPART-
19 MENT OF STATE IF THE LAWS OF THE COMMONWEALTH
20 OR OF THE UNITED STATES REQUIRE THE APPROVAL OF

1 ANY OTHER STATE AGENCY OR OF ANY FEDERAL AGENCY
2 BEFORE A MERGER OR CONSOLIDATION CAN BECOME EF-
3 FECTIVE THE DEPARTMENT OF BANKING SHALL RETAIN
4 THE ARTICLES UNTIL IT RECEIVES NOTICE OF APPROVAL
5 OR DISAPPROVAL BY ANY SUCH AGENCY OR AGENCIES
6 UPON THE RECEIPT OF ALL SUCH NECESSARY APPROVALS
7 THE DEPARTMENT SHALL ENDORSE ITS APPROVAL ON
8 THE ARTICLES AND RETURN THEM TO THE DEPARTMENT
9 OF STATE IF ANY SUCH STATE OR FEDERAL AGENCY DIS-
10 APPROVES THE ARTICLES THE DEPARTMENT OF BANKING
11 SHALL RETURN THE ARTICLES UNAPPROVED TO THE DE-
12 PARTMENT OF STATE STATING ITS REASONS FOR DOING
13 SO IN SUCH CASE THE DEPARTMENT OF STATE SHALL IM-
14 MEDIATELY NOTIFY THE CORPORATIONS DESIRING TO
15 MERGE OR CONSOLIDATE THAT THE ARTICLES WERE NOT
16 APPROVED FOR THE REASONS STATED TO IT BY THE DE-
17 PARTMENT OF BANKING

18 * * *

19 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