

## No. 284

## AN ACT

Amending the act of May fifteen, one thousand nine hundred thirty-three (Pamphlet Laws 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 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 regulating changes of places of business and establishment of branches.

"Banking Code."

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

Section 203, act of May 15, 1933, P. L. 624, amended April 22, 1937, P. L. 349, further amended.

Section 1. Section two hundred three, act of May fifteen, one thousand nine hundred thirty-three (Pamphlet Laws 624), known as the "Banking Code," amended April twenty-two, one thousand nine hundred thirty-seven (Pamphlet Laws 349), is amended to read:

Section 203. Place of Business; Change of Place of Business.—A. Except as herein otherwise provided, an institution shall not transact any banking or trust business, except, in the case of an incorporated institution, at the place or places *heretofore* designated in its articles, and, *such other places as are hereafter approved as branches in the manner provided in this act*, and, in the case of a private bank, at the place or places the address or addresses of which are filed with the Department of Banking.

B. An institution may, in the case of an incorporated institution, *with the prior written approval of the department and in the regular manner provided by this act* for an amendment to its articles, and, in the case of a private bank, with the prior written approval of the department, change its principal place of business—(1) within the city, borough or township in which its principal place of business is located; or (2) *with the prior approval of the department and the Banking Board* to any city, borough or township, either within

the county of its principal place of business or in a county contiguous to the county of its principal place of business [, subject, however, to the same limitations and requirements as are by this act prescribed in the case of the establishment of a branch in such city, borough or township].

Any change of the principal place of business of an institution shall automatically terminate its right to maintain and operate any branch located, or authorized by the articles of incorporation, or otherwise, to be located, in a county which is not contiguous to the county in which the principal place of business is to be located.

Except in the case of any change of the principal place of business within the same city, borough or township, an institution shall not change its principal place of business, unless, in the case of a bank, bank and trust company, or trust company, its unimpaired capital is at least equal to the minimum capital required by this act for the incorporation of a bank, bank and trust company, or trust company, as the case may be, in the proposed city, borough or township, and, in case branches are maintained and operated, or are authorized by its articles of incorporation, or otherwise, to be maintained and operated, unless it has such additional amounts of capital and surplus as are required by this act for the establishment of branches, and, in the case of a savings bank, unless its surplus equals a minimum amount approved by the department, and, in the case of a private bank, unless its net worth equals a minimum amount approved by the department.

An institution may change the place of business of any of its branches subject to the same requirements and limitations as are by this act prescribed in the case of the establishment of branches.

C. A private bank, which, upon the effective date of this act, lawfully maintains one or more offices or places of business in any other state or foreign country, may continue to maintain and operate any such offices or places of business, and do and perform all such acts, and make all such loans, discounts, and investments at such offices or places of business as are permitted or required under the laws of such other state or foreign country, subject to such restrictions or limitations as may be imposed by the laws of such other state or foreign country.

D. However, an institution may, with the prior written approval of and for the period fixed by the department, change its place of business to permit of the alteration or improvement of the premises at the time occupied by it.

Section 204, act of May 15, 1933, P. L. 624, and its amendments, repealed.

Act of May 15, 1933, P. L. 624, amended by adding a new section 204.1.

Section 2. Section two hundred four of the act, and its amendments, are repealed.

Section 3. The act is amended by adding, after section two hundred three, a new section to read:

*Section 204.1. Branches.—A. Any institution may continue to maintain and operate any branch heretofore lawfully established by such institution.*

*If an institution is hereafter merged or consolidated with another institution or national banking association, the surviving institution, in case of merger, or the newly consolidated institution, with the approval of the department, with respect to any such institutions or national banking associations, may retain and operate as branches any of their principal places of business and branches which may have been in lawful operation in the same county or in a county contiguous to the county in which the principal place of business of the institution resulting from the merger or consolidation is located on the effective date of such merger or consolidation. If any national banking association shall convert into an institution, all of its branches in operation in the same county or in a county contiguous to the county in which the principal place of business of the institution resulting from the conversion is located on the date of such conversion, with the approval of the department, may be continued in lawful operation.*

*B. Any institution, pursuant to a resolution of its board of directors, its trustees or, in the case of a private bank, its owners or board of managers, may establish and maintain branches—(1) with the prior written approval of the department in the same city, borough or village in which the principal place of business of the institution proposing to take such action is located; and (2) with the approval of the department and the Banking Board in any other city, borough or village or any place in a township other than a village, located in the same county or in a county contiguous to the county in which the principal place of business of the institution proposing to take such action is located. No such branches shall be established unless the institution has the capital and surplus required by this section.*

*The request for the department's written approval of the establishment and maintenance of the one or more new branches authorized by resolution of its board of directors, its trustees or, in the case of a private bank, its owners or board of managers, shall be set forth in an application in such form and containing such other information as the department may require and such*

application shall be accompanied by such reasonable fee as the department, with the approval of the Banking Board, may prescribe.

When an institution files an application for the establishment of a branch in the same city, borough or village in which its principal place of business is located, the department, if it finds upon investigation that there is a need for banking services or facilities such as are contemplated by the establishment of such branch and that all other requirements of this section have been met, shall approve the application and issue a letter of authority to the applicant institution.

Should the department find, after the investigation above provided for, that the institution has not met the requirements of this section governing the application for the establishment of a branch or should it find that there is not a need for banking services or facilities such as are contemplated by the establishment of such branch, it shall disapprove the application and return the same to the institution with a statement of its reasons for doing so. The fee paid by the applicant bank shall be retained by the department.

When an institution files an application for the establishment of a branch to be located in any place outside the city, borough or village where the principal place of business of the institution proposing to establish such branch is located, it shall immediately notify by registered mail, return receipt requested, each other institution whose principal place of business is in the county in which the proposed branch is to be located. Within sixty days of the receipt of such application, the department, if it finds upon investigation that there is a need for banking services or facilities such as are contemplated by the establishment of such branch and that all requirements of this section have been complied with, shall approve such application and forward it to the Banking Board for review. The department, in its sole discretion, may disapprove an application the effect of which is to establish a branch in a county contiguous to the county in which the principal place of business of the incorporated institution proposing to establish such branch is located, if an incorporated institution having its principal place of business in the county in which the proposed branch is to be located has, in good faith, notified the department of its intention to establish a branch in the same city, borough or village in which such proposed branch is to be located. The Banking Board, after such additional investigation or hearing as it may deem advisable, shall either approve or disapprove the action of the department and shall return the application to the department with notice of its decision

and, in case of disapproval, with a statement of its reasons for doing so. The decision of the Banking Board shall be binding upon the department.

Immediately upon receipt of the application from the Banking Board, the department, on the basis of the decision of the Banking Board, shall either approve or disapprove it in the same manner as provided for under this section for branches subject only to approval of the department.

C. A branch may be established in the same city, borough or village where the principal place of business of an institution is located if the institution has minimum capital and surplus required under the provisions of section 401 for the same type or class of institution. For each branch located outside such city, borough or village, it shall have or provide the following additional capital and surplus:

Banks—	Capital	Surplus
City, borough or village with a population of less than 5,000 or any place in a township other than a village .....	\$25,000	\$12,500
City, borough or village with a population of less than 6,000 ..	50,000	25,000
City, borough or village with a population of 6,000 to 50,000 ..	100,000	50,000
City or borough with a population of over 50,000 .....	200,000	100,000
<b>Bank and Trust Company—Trust Company—</b>		
City, borough or village with a population of less than 5,000 or any place in a township other than a village .....	75,000	37,500
City, borough or village with a population of less than 6,000 ...	150,000	75,000
City, borough or village with a population of 6,000 to 50,000 ...	200,000	100,000
City or borough with a population of over 50,000 .....	300,000	150,000

**Savings Banks—**

Such minimum surplus as the department requires.

**Private Banks—**

Such minimum net worth as the department requires. For the purpose of this subsection, the population of a city, borough or village shall be taken to be that stated in the United States Census, the report of any \*govern-

\* "governmental" in original.

mental agency, or any banking publication of state-wide or national scope, last preceding the date of the filing of the \*application to establish a branch.

D. With the prior written approval of the department, an institution, pursuant to a resolution of its board of directors, its trustees or in the case of a private bank, its owners or board of managers, may discontinue the operation of any branch if public notice thereof is given in such manner as the department directs at least ninety days before the date of discontinuance.

E. Upon the failure of an institution to open and operate a branch within six months after the approval of its application, the right of an institution to establish such branch will terminate unless the department, for good cause on written application made prior to the expiration of the six months period, shall extend for additional periods not in excess of six months each the time within which the branch may be opened.

F. Upon the opening or discontinuance of any branch the institution shall certify such fact to the department in such form as the department shall prescribe. Upon receipt and approval by the department of the certificate, the \*\*department shall send a copy of the certificate to the Department of State for filing with the corporate records of the institution.

Section 4. This act shall take effect immediately.

Act effective  
immediately.

APPROVED—The 30th day of December, A. D. 1955.

GEORGE M. LEADER

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No. 285

AN ACT

Amending the act of May five, one thousand nine hundred thirty-three (Pamphlet Laws 457), entitled "An act relating to the business of building and loan associations; providing for the organization and voluntary dissolution of such associations; defining the rights, powers, duties, liabilities, and immunities of such associations, and of their officers, directors, shareholders, solicitors, and other employes; prohibiting the transaction of business in this Commonwealth by foreign building and loan associations; conferring powers and imposing duties upon the courts, recorders of deeds, and certain State departments, com-

\* "application" in original.

\*\* "department" in original.