

**ACT 233**

**S.B. NO. 961**

**A Bill for an Act Relating to Banks.**

***Be It Enacted by the Legislature of the State of Hawaii:***

SECTION 1. Chapter 403, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§403- Prohibition on acquisition and control of certain limited service banking institutions.** (a) For the purposes of this section:

“Company” means any corporation, partnership, business trust, association or similar organization.

“Banking institution” means any institution organized under this chapter or under chapter 2 of title 12 of the United States Code (12 U.S.C. § 21 et. seq.).

“Bank holding company” means any company which has control over any banking institution.

“Control” means that (1) any company directly or indirectly or acting through one or more persons owns, controls, or has power to vote twenty-five per cent or more of the voting securities of the banking institution; or (2) the company controls in any manner the election of a majority of the directors, managers or trustees of the banking institution.

(b) Notwithstanding any other provisions of law, no bank holding company or any other company may acquire or control any banking institution located in this State that does not both (1) accept deposits that the depositor has a legal right to withdraw on demand and (2) engage in the business of making commercial loans.

(c) This section shall not prohibit the continued control of a bank by a company or bank holding company which controlled the bank on June 30, 1983, and has continuously controlled the bank since that date.”

SECTION 2. New statutory material is underscored.<sup>1</sup>

SECTION 3. This Act shall take effect upon its approval.

(Approved June 5, 1985.)

**Note**

1. Edited pursuant to HRS §23G-16.5.