

BANKING
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING

Bank Holding Companies

Proposed Readoption with Amendments: N.J.A.C 3:13

Authorized By: Steven M. Goldman, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8, 8.1; and 15e; 17:9A-8.1 et seq., 17:9A-382 et seq.; and 17:12B-292 et seq.

Calendar Requirements: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2007-244

Submit comments by October 5, 2007 to:

Robert J. Melillo, Chief
Legislative and Regulatory Affairs
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
E-mail: Legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) proposes to readopt its rules governing bank holding companies and mutual savings bank holding companies. Pursuant to N.J.S.A. 52:14B-5.1c, the rules in this chapter are scheduled to expire on December 30, 2007. The Department has reviewed the rules and has determined that they continue to be necessary, reasonable and proper for the purpose for which they were originally promulgated.

Subchapter 1 sets forth the procedures for a person to acquire a New Jersey bank or New Jersey bank holding company.

Subchapter 2 sets forth the filing requirements applicable to all persons controlling New Jersey banks or New Jersey bank holding company systems. N.J.A.C. 3:13-2.3 is proposed to be amended to permit the filing requirements for certain financial reports filed with Federal agencies to be met by filing the document with the appropriate Federal agency and making adequate provisions for the Department to have access to those Federal filings.

Subchapter 3 provides for the examination by the Commissioner of Banking and Insurance (Commissioner) of any company that controls a New Jersey bank or bank holding company and provides that the Commissioner shall charge for any such examination a per diem per examiner charge in an amount set forth in N.J.A.C. 3:1-6.6.

Subchapter 4 remains reserved.

Subchapter 5 sets forth requirements for the formation of mutual savings bank holding companies, including the application procedures, approval procedures, requirements governing the board of directors and officers of a mutual savings bank holding company and sets forth requirements governing division of surplus of such an entity. In N.J.A.C. 3:13-5.1, the definition of “capital stock savings bank,” is proposed to be amended to delete the Public Law reference.

The rules proposed to be readopted with amendments will continue to provide the regulatory framework to enable the Commissioner to properly monitor bank holding companies, as well as approve acquisition of New Jersey banks or New Jersey bank holding companies or the formation of mutual savings bank holding companies, pursuant to law. Lastly, the Department is contemplating an amendment regarding rules for hearings on applications for acquisition of New Jersey bank or New Jersey bank holding company. If the Department decides to move ahead, it would be through a separate notice of proposal with the appropriate notice and comment period.

A 60-day comment period is provided and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The rules proposed for readoption with amendments apply to all persons controlling New Jersey banks or New Jersey bank holding companies. They will continue to require that specified financial reports by all persons controlling New Jersey banks or New Jersey bank holding companies be available to the Department. These rules will continue to allow the Commissioner to monitor the activities of these persons, thereby affording the general banking public a significant level of protection through reporting and bank examination. They also make it clear to persons wishing to form or acquire a New Jersey bank or bank holding company what the requirements and application procedures are. Thus, the rules proposed for readoption with amendments will continue to have a beneficial social impact on the general public, consumers of New Jersey banks and those controlling New Jersey banks and New Jersey bank holding companies.

Economic Impact

It is not expected that the rules proposed for readoption with amendments will have a significant negative economic impact on those persons controlling New Jersey banks and New Jersey bank holding companies. The requirements that those controlling New Jersey banks and New Jersey bank holding companies apply to, report to, and be subjected to examination by the Department are reasonable and anticipated commercial requirements. The examination fees are not unduly burdensome, are unchanged from the current rules and are a standard business

expense. The amendments will not have any adverse economic impact because they are technical in nature and will impose no new requirements. The elimination of the duplicative filing requirement to be effectuated by the proposed amendment to N.J.A.C. 3:13-2.3 will favorably impact filers by eliminating the costs attendant upon their directly filing the federal forms referenced therein with the Department.

Federal Standards Statement

The proposed amendments and rules proposed for readoption remain consistent with and do not exceed the requirements of 12 U.S.C. §§1841 et seq. and the rules promulgated thereunder, 12 CFR §§225.1 et seq. Therefore, no Federal standards analysis is required.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the rules proposed for readoption with amendments. Those persons controlling New Jersey banks or New Jersey bank holding companies will use existing staff for continued compliance with the existing rules. Those controlling New Jersey banks or New Jersey bank holding companies should not have to employ professional services to meet the application, reporting and other compliance requirements. The amendments will not require additional staff because they are technical in nature and will impose no new requirements.

The Department invites commenters to submit any data or studies concerning the jobs impact of the proposed readoption with amendments together with their written comments on other aspects of this proposal.

Agriculture Industry Impact

The Department does not expect any agriculture industry impact from the rules proposed for readoption with amendments.

Regulatory Flexibility Analysis

Some persons controlling New Jersey banks or New Jersey bank holding companies may be small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The rules proposed for readoption with amendments will continue to impose compliance requirements on these entities. The rules proposed for readoption with amendments will continue to regulate those persons controlling New Jersey banks or New Jersey bank holding companies and require them to submit to examinations. The costs for compliance are set out in the Economic Impact statement. The Department believes that compliance with the rules will be handled by existing staff and no holding company will have to obtain or increase the use of professional services in order to comply with the rules proposed for readoption and amendment.

The Department believes that these requirements are generally mandated pursuant to the applicable statutes. Moreover, the Department does not believe that these requirements are unduly burdensome. The purpose of these rules is to assure the financial integrity of New Jersey banks and New Jersey bank holding companies and in turn to protect the consumers who use those establishments. Thus, the purpose of these requirements does not vary based upon business size. Accordingly, no differentiation in compliance requirements based on business size is provided.

Smart Growth Impact

The rules proposed for readoption with amendments will have no impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 3:13.

Full text of the proposed amendments follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

3:13-2.3 Reporting for bank holding companies

(a) - (i) (No change.)

(j) The requirement to concurrently file copies of the Federal Reserve or 10K forms referenced in (a) through (i) above shall be deemed satisfied if the form is filed with the appropriate Federal agency and adequate provision is made for the New Jersey Department of Banking and Insurance to have access to the filing.

SUBCHAPTER 5. MUTUAL SAVINGS BANK HOLDING COMPANIES

3:13-5.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

“Capital stock savings bank” means any savings bank chartered pursuant to the provisions of [P.L. 1982, c. 9 (N.J.S.A. 17:9A-8.1 et seq.[].)]