

**PROPOSED CHANGES TO THE  
NORTH CAROLINA BANKING LAWS – CHAPTER 53 OF THE GENERAL STATUTES  
ARTICLE 10A ADDRESSES HOLDING COMPANIES**

Current Section(s)	Summary	New Section	Summary	Explanation of Change
<b>Article 10A Holding Companies.</b>				
53-227. Registration of bank holding companies.	53-227 requires every bank holding company to register with the Commissioner within 180 days after becoming one on forms supplied by the Commissioner.	<b>53-10-1</b>	<b>53-10-1. Holding companies.</b> This section requires every holding company to register with the commissioner and to maintain the registration annually.	The new section requires both an initial and annual filing with the Commissioner.
53-227.1. Criteria for certain bank holding company acquisitions. 53-42.1.Change in bank control or management	53-227.1 provides certain additional criteria that apply to bank holding company acquisitions on an interstate basis. 53-42.1 addresses change of control, defined as acquiring 10% or more of the voting stock of a bank or bank holding company, requiring the Commissioner's approval. It mandates that an application for approval be filed 60 days before the proposed acquisition of stock and directs the Commissioner to approve the application unless he finds that the competence, general fitness, experience or integrity of the acquiring person shows that it would not be in the best interest of the depositors of the bank or the public to approve the application or that the financial condition of any acquiring person might jeopardize the financial stability of the bank. It renders all information acquired about the applicant confidential. It lists those transactions	<b>53-10-2</b>	<b>53-10-2. Holding company control transaction.</b> This section addresses control transactions in which a holding company with a North Carolina bank as a subsidiary is a party. It requires an application to be filed with the Commissioner, payment of all applicable fees, and whatever information is required by the Commissioner or by rule.	The old provision deals only with certain interstate transactions. The new provision applies to all control transactions. The current law also has a single provision dealing with change of control of both banks and bank holding companies.

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	that are exempt from the section. It requires the CEO of the bank to approve loans which are secured by 10% or more of a bank's stock, with certain exceptions. It also requires notification of the Commissioner of a change of the CEO or a director of a bank within 24 hours.			
53-42.1.Change in bank control or management	53-42.1 addresses change of control, defined as acquiring 10% or more of the voting stock of a bank or bank holding company, requiring the Commissioner's approval. It mandates that an application for approval be filed 60 days before the proposed acquisition of stock and directs the Commissioner to approve the application unless he finds that the competence, general fitness, experience or integrity of the acquiring person shows that it would not be in the best interest of the depositors of the bank or the public to approve the application or that the financial condition of any acquiring person might jeopardize the financial stability of the bank. It renders all information acquired about the applicant confidential. It lists those transactions that are exempt from the section. It requires the CEO of the bank to approve loans which are secured by 10% or more of a bank's stock, with certain exceptions. It also requires notification of the Commissioner of a change of the	<b>53-10-3</b>	<b>53-10-3. Actions on control transaction and combination applications.</b> This section provides the procedure for dealing with control transactions or combinations involving holding companies. Subsection (a) allows the Commissioner 60 days to approve or deny such an application. It lists six reasons for which the Commissioner may deny such an application, which are substantively the same as those applicable to a control transaction or combination not involving a holding company as set forth in § 53-7-104.	The new provision provides the procedure for dealing with holding company control transactions and tracks the process applicable to control transactions among banks without holding companies. The current law has a single provision dealing with change of control of both banks and bank holding companies.

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	CEO or a director of a bank within 24 hours.			
No corresponding section.	N/A	<b>53-10-4</b>	<b>53-10-4. Appeal.</b> This section provides for appeal to the Commission of a denial by the Commissioner.	While there is no specifically corresponding provision, § 53-95 states that all actions of the Commissioner are taken under the supervision of the Commission.
53-228. Cease and desist.	53-228 authorizes the Commissioner to issue cease and desist orders to holding companies upon a finding that any action by a holding company may be in violation of the laws of North Carolina. There is afforded reasonable notice and an opportunity to be heard. If the holding company does not appeal within 20 days and continues to engage in actions in violation of the Commissioner's order, the holding company is subject to a civil money penalty of \$1,000. The penalty is in addition to any other provision of the law.	<b>53-10-5</b>	<b>53-10-5. Cease and desist order.</b> This section authorizes the Commissioner to issue cease and desist orders to holding companies upon a finding that any action by a holding company may be in violation of the laws of North Carolina. There is afforded reasonable notice and an opportunity to be heard. If the holding company does not appeal within 10 days and continues to engage in actions in violation of the Commissioner's order, the holding company is subject to a civil money penalty of \$20,000 for each day it remains in violation. The penalty is in addition to any other provision of the law.	The major difference between the current law and the new provision is the provision for higher civil penalties, \$20,000 per day instead of a flat \$1000.
No corresponding section.	N/A	<b>53-10-6</b>	<b>53-10-6. Other control changes.</b> This section requires holding companies to notify the Commissioner of any changes in directors, president, and named key officers by the close of the second day on which the holding company is open for business following such change.	The new provision requires a holding company to notify the Commissioner of changes in key personnel within two business days of the change taking place.