



Ohio Revised Code

Section 1109.55 Permitted transactions with affiliate.

Effective: January 1, 2018

Legislation: House Bill 49 - 132nd General Assembly

(A) A state bank and its subsidiaries may engage in any of the transactions described in division (B) of this section only if one of the following applies:

(1) The transaction is on terms and under circumstances, including credit standards, that are substantially the same, or at least as favorable to the bank or its subsidiary, as those prevailing at the time for comparable transactions with or involving other nonaffiliated companies.

(2) In the absence of comparable transactions, the transaction is on terms and under circumstances, including credit standards, that in good faith would be offered to, or would apply to, nonaffiliated companies.

(B) Division (A) of this section applies to all of the following:

(1) A covered transaction with an affiliate;

(2) The sale of securities or other assets to an affiliate, including assets subject to an agreement to repurchase;

(3) The payment of money or the furnishing of services to an affiliate under contract, lease, or otherwise;

(4) Any transaction in which an affiliate acts as an agent or broker or receives a fee for its services to the bank or to any other person.

(C) No state bank or its subsidiary shall do either of the following:

(1) Purchase as fiduciary any securities or other assets from an affiliate unless the purchase is permitted by one of the following:



- (a) The instrument creating the fiduciary relationship;
- (b) A court order;
- (c) The law of the jurisdiction governing the fiduciary relationship.

(2) Whether acting as principal or fiduciary, knowingly purchase or otherwise acquire, during the existence of any underwriting or selling syndicate, any security if a principal underwriter of the security is an affiliate.

Division (C)(2) of this section does not apply if the purchase or acquisition of the securities has been approved, before the securities are initially offered for sale to the public, by a majority of the directors of the bank who are not officers or employees of the bank or any of its affiliates.

(D) No state bank or affiliate or subsidiary of a state bank shall publish any advertisement or enter into any agreement stating or suggesting the bank shall in any way be responsible for the obligations of its affiliates.

(E) For purposes of division (C) of this section:

(1) "Principal underwriter" means any underwriter, in connection with a primary distribution of securities, that is any of the following:

- (a) In privity of contract with the issuer or an affiliated person of the issuer;
- (b) Acting alone or in concert with one or more other persons, initiates or directs the formation of an underwriting syndicate;
- (c) Allowed a rate of gross commission, spread, or other profit greater than the rate allowed another underwriter participating in the distribution.

(2) "Security" has the same meaning as in section 3(a)(10) of the "Securities Exchange Act of 1934,"



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48 Stat. 881, 15 U.S.C. 78c(a)(10), as amended.