



Ohio Administrative Code

Rule 1301:1-3-11 Bank subsidiary corporations and bank service corporations.

Effective: November 22, 2019

(A) A state bank that intends to invest in, that is to acquire, establish, or perform new activities in, a bank subsidiary corporation or a bank service corporation shall submit a letter of notification to the superintendent of financial institutions requesting the approval of the superintendent. The letter must:

- (1) State the name and location of the bank subsidiary corporation or bank service corporation;
- (2) Describe the activities in which the bank subsidiary corporation or bank service corporation will engage;
- (3) Demonstrate that the investment proposed will not exceed the limitation on investments in the securities of a single issuer;
- (4) Demonstrate that any and all anticipated loans to the bank subsidiary corporation or bank service corporation will not exceed the limitation on loans to a single borrower;
- (5) Identify the investment authority to be used for the proposed investment and demonstrate that the proposed investment together with other loans and/or investments made pursuant to such authority will not exceed the aggregate limitation of such authority;
- (6) List any other investors in the bank subsidiary corporation or bank service corporation together with the location of each such investor's principal place of business and the proportionate interest each will hold in the bank subsidiary corporation or bank service corporation; and
- (7) Cite the authority for the permissibility of the proposed activities of the bank subsidiary corporation or bank service corporation or provide support for the superintendent to determine that the activities are a part of the business of banking or incidental thereto.



In addition to the information required by this paragraph, a state bank may include any other information in support of its request. The superintendent may also require any additional information the superintendent considers relevant to the consideration of the request.

(B) The superintendent shall render a decision on a proposed investment in a bank subsidiary corporation or a bank service corporation within thirty days from the date the superintendent acknowledges receipt of a technically complete notification letter, unless notified to the contrary, or in less than thirty days if so notified by the superintendent. A technically complete letter will include all information required under paragraph (A) of this rule. If the superintendent fails to render a decision within thirty days after acknowledging receipt of a technically complete letter, the investment may be deemed to have the superintendent's consent. The superintendent may extend the thirty-day period upon notice to the state bank if the state bank's letter raises issues that require additional information from the state bank or time for analysis by the superintendent. If the superintendent extends the thirty-day period, the state bank may invest in, acquire, establish, or perform new activities in a bank subsidiary corporation or a bank service corporation only upon written notification by the superintendent.

The superintendent reserves the right to grant written approval of a state bank's proposal to invest in, acquire, establish, or perform new activities in a bank subsidiary corporation or a bank service corporation subject to conditions when there are legal or supervisory concerns.

(C) In determining whether or not to consent to a proposed investment in a bank subsidiary corporation or bank service corporation, the superintendent shall consider:

- (1) Whether the activities are legally permissible;
- (2) Whether the activities will be performed at permissible locations;
- (3) Whether the proposed investment is within all applicable legal limitations;
- (4) Whether all of the investors are permissible investors for a bank subsidiary corporation or a bank service corporation;



- (5) The financial and managerial resources and future prospects of the bank and the bank subsidiary corporation or bank service corporation involved, including the financial capability of the bank to make the proposed investment; and

- (6) Any possible adverse effects of the investment, such as undue concentration of resources, unfair or decreased competition, conflicts of interest, or unsafe and unsound banking practices.

- (D) A bank's equity interest in a bank subsidiary corporation or bank service corporation must be voting stock, or an equivalent equity interest with limited liability.