

IC 28-13-16

Chapter 16. Financial Institution Subsidiaries

IC 28-13-16-1

"Qualifying subsidiary" defined

Sec. 1. As used in this chapter, "qualifying subsidiary" means a foreign or domestic corporation or limited liability company in which a financial institution has more than fifty percent (50%) ownership.
As added by P.L.215-1999, SEC.10.

IC 28-13-16-2

"Nonqualifying subsidiary" defined

Sec. 2. As used in this chapter, "nonqualifying subsidiary" means a foreign or domestic corporation or limited liability company in which a financial institution has fifty percent (50%) or less ownership.
As added by P.L.215-1999, SEC.10.

IC 28-13-16-3

"Financial institution" defined

Sec. 3. As used in this chapter, "financial institution" means:

- (1) a bank (as defined by IC 28-1-1-3);
- (2) a savings bank;
- (3) a savings association; or
- (4) an industrial loan and investment company that maintains federal deposit insurance.

As added by P.L.215-1999, SEC.10.

IC 28-13-16-4

Acquisition or establishment; powers of subsidiary

Sec. 4. (a) A financial institution or any of its subsidiaries may acquire or establish a qualifying subsidiary by providing the department with written notice before acquiring or establishing the subsidiary. The department shall notify the requesting financial institution of the department's receipt of the notice.

(b) A subsidiary may exercise a power or engage in an activity permitted to be performed by a financial institution under the same conditions and restrictions as if the power or activity is performed by the financial institution itself, or the activity has been authorized as "activity eligible for notice" procedures under 12 CFR 5.34(e).

(c) The qualified subsidiary may exercise or engage in the activity thirty (30) days after the date on which the department receives the notification unless otherwise notified by the department.

As added by P.L.215-1999, SEC.10. Amended by P.L.258-2003, SEC.29; P.L.73-2004, SEC.42.

IC 28-13-16-5

Acquiring or establishing a nonqualifying subsidiary; application

Sec. 5. A financial institution or any of its subsidiaries may acquire or establish a nonqualifying subsidiary by submitting an application to the department containing:

- (1) a complete description of the financial institution's investment in the subsidiary;
- (2) the activity to be conducted; and
- (3) a representation that the activity:
 - (A) could be performed by a financial institution under statutory authority of this title;
 - (B) is a part of or incidental to the business of banking as determined by the director; or
 - (C) has been authorized as "activity eligible for notice" procedures under 12 CFR 5.34(e).

The department shall notify the requesting financial institution of the department's receipt of the application.

As added by P.L.215-1999, SEC.10. Amended by P.L.73-2004, SEC.43; P.L.10-2006, SEC.77 and P.L.57-2006, SEC.77.

IC 28-13-16-6

Review of notice or application; change in scope or nature of business activity of qualifying or nonqualifying subsidiary

Sec. 6. (a) The department shall review a financial institution's notice or application to acquire or establish a qualifying or nonqualifying subsidiary to determine:

- (1) whether the proposed activities are legally permissible; and
- (2) whether the proposal endangers the safety or soundness of the financial institution.

The director shall either approve or disapprove the application for a nonqualifying subsidiary within sixty (60) days after the date on which the department receives the application. The period for approval or disapproval of the application may be extended by the department based on a determination that additional information from the financial institution or additional time for analysis is required.

(b) If there will be a change in the scope or nature of the business activity of a qualifying subsidiary of a financial institution, the financial institution shall provide the department with written notice before the change occurs. The department shall notify the requesting financial institution of the department's receipt of the notice and shall review the notice to determine:

- (1) whether the proposed change is legally permissible; and
- (2) whether the proposed change endangers the safety or soundness of the financial institution.

The qualifying subsidiary may exercise or engage in the proposed activity thirty (30) days after the date on which the department receives the financial institution's notice, as indicated in the department's notice of receipt, unless otherwise notified by the department.

(c) If there will be a change in the scope or nature of the business activity of a nonqualifying subsidiary of a financial institution, the financial institution shall submit to the department an application containing a complete description of the proposed change. The department shall notify the requesting financial institution of the department's receipt of the application and shall review the application to determine:

- (1) whether the proposed change is legally permissible; and
- (2) whether the proposed change endangers the safety or soundness of the financial institution.

The director shall either approve or disapprove the application not later than sixty (60) days after the date on which the department receives the application. The period for approval or disapproval of the application may be extended by the department based on a determination that additional information from the financial institution or additional time for analysis is required.

As added by P.L.215-1999, SEC.10. Amended by P.L.90-2008, SEC.79.

IC 28-13-16-7

Subsidiaries subject to examination

Sec. 7. (a) Each qualifying subsidiary and nonqualifying subsidiary is subject to examination by the department or the appropriate federal banking supervisory authorities.

(b) If, upon examination, the department determines that a qualifying subsidiary or a nonqualifying subsidiary is operating in violation of law, regulation, or written condition or in an unsafe or unsound manner or otherwise threatens the safety and soundness of the financial institution, the department may direct the financial institution or subsidiary to take appropriate remedial action, which may include requiring the financial institution to divest or liquidate the subsidiary or discontinue specified activities.

As added by P.L.215-1999, SEC.10.

IC 28-13-16-8

Rules

Sec. 8. The department may adopt rules under IC 4-22-2 or policies to implement this chapter.

As added by P.L.215-1999, SEC.10.