

vised by the Board, such assets of the company as the Board shall specify by rule, in order to provide for consistent and equitable treatment of such companies.

**(b) Concentration limit**

Subject to the recommendations by the Council under subsection (e), a financial company may not merge or consolidate with, acquire all or substantially all of the assets of, or otherwise acquire control of, another company, if the total consolidated liabilities of the acquiring financial company upon consummation of the transaction would exceed 10 percent of the aggregate consolidated liabilities of all financial companies at the end of the calendar year preceding the transaction.

**(c) Exception to concentration limit**

With the prior written consent of the Board, the concentration limit under subsection (b) shall not apply to an acquisition—

(1) of a bank in default or in danger of default;

(2) with respect to which assistance is provided by the Federal Deposit Insurance Corporation under section 1823(c) of this title; or

(3) that would result only in a de minimis increase in the liabilities of the financial company.

**(d) Rulemaking and guidance**

The Board shall issue regulations implementing this section in accordance with the recommendations of the Council under subsection (e), including the definition of terms, as necessary. The Board may issue interpretations or guidance regarding the application of this section to an individual financial company or to financial companies in general.

**(e) Council study and rulemaking**

**(1) Study and recommendations**

Not later than 6 months after July 21, 2010, the Council shall—

(A) complete a study of the extent to which the concentration limit under this section would affect financial stability, moral hazard in the financial system, the efficiency and competitiveness of United States financial firms and financial markets, and the cost and availability of credit and other financial services to households and businesses in the United States; and

(B) make recommendations regarding any modifications to the concentration limit that the Council determines would more effectively implement this section.

**(2) Rulemaking**

Not later than 9 months after the date of completion of the study under paragraph (1), and notwithstanding subsections (b) and (d), the Board shall issue final regulations implementing this section, which shall reflect any recommendations by the Council under paragraph (1)(B).

(May 9, 1956, ch. 240, §14, as added Pub. L. 111-203, title VI, §622, July 21, 2010, 124 Stat. 1632.)

REFERENCES IN TEXT

The Dodd-Frank Wall Street Reform and Consumer Protection Act, referred to in subsec. (a)(2)(E), is Pub.

L. 111-203, July 21, 2010, 124 Stat. 1376. Title I of the Act, known as the Financial Stability Act of 2010, is classified principally to subchapter I (§5311 et seq.) of chapter 53 of this title. For complete classification of title I to the Code, see Short Title note set out under section 5301 of this title and Tables.

This chapter, referred to in subsec. (a)(2)(F), was in the original “this Act”, meaning act May 9, 1956, ch. 240, 70 Stat. 133, known as the Bank Holding Company Act of 1956, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 1841 of this title and Tables.

EFFECTIVE DATE

Section effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111-203, set out as a note under section 5301 of this title.

**CHAPTER 18—BANK SERVICE COMPANIES**

Sec.	
1861.	Short title and definitions.
1862.	Amount of investment in bank service company.
1863.	Permissible bank service company activities for depository institutions.
1864.	Permissible bank service company activities for other persons.
1865.	Prior approval for investments in bank service companies.
1866.	Services to nonstockholders or nonmembers.
1867.	Regulation and examination of bank service companies.

**§ 1861. Short title and definitions**

**(a) Short title**

This chapter may be cited as the “Bank Service Company Act”.

**(b) Definitions**

For the purpose of this chapter—

(1) the term “appropriate Federal banking agency” shall have the meaning provided in section 1813(q) of this title;

(2) the term “bank service company” means—

(A) any corporation—

(i) which is organized to perform services authorized by this chapter; and

(ii) all of the capital stock of which is owned by 1 or more insured depository institutions; and

(B) any limited liability company—

(i) which is organized to perform services authorized by this chapter; and

(ii) all of the members of which are 1 or more insured depository institutions.

(3) the term “Board” means the Board of Governors of the Federal Reserve System;

(4) the term “depository institution” means, except when such term appears in connection with the term “insured depository institution”, an insured bank, a savings association, a financial institution subject to examination by the appropriate Federal banking agency or the National Credit Union Administration Board, or a financial institution the accounts or deposits of which are insured or guaranteed under State law and are eligible to be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration Board;

(5) INSURED DEPOSITORY INSTITUTION.—The terms “depository institution” and “savings

association” have the same meanings as in section 1813 of this title;

(6) the term “invest” includes any advance of funds to a bank service company, whether by the purchase of stock, the making of a loan, or otherwise, except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment;

(7) the term “limited liability company” means any company, partnership, trust, or similar business entity organized under the law of a State (as defined in section 1813 of this title) which provides that a member or manager of such company is not personally liable for a debt, obligation, or liability of the company solely by reason of being, or acting as, a member or manager of such company;

(8) the term “principal investor” means the insured depository institution that has the largest dollar amount invested in the equity of a bank service company. In any case where two or more insured depository institutions have equal dollar amounts invested in a bank service company, the company shall, prior to commencing operations, select one of the insured depository institutions as its principal investor and shall notify the depository institution’s appropriate Federal banking agency of that choice within 5 business days of its selection; and

(9) the terms “State depository institution”, “Federal depository institution”, “State savings association” and “Federal savings association” have the same meanings as in section 1813 of this title.

(Pub. L. 87-856, §1, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1540; Pub. L. 97-457, §32(a), Jan. 12, 1983, 96 Stat. 2511; Pub. L. 104-208, div. A, title II, §2613(a), (b), Sept. 30, 1996, 110 Stat. 3009-476; Pub. L. 109-351, title VI, §602(b)(1), Oct. 13, 2006, 120 Stat. 1979; Pub. L. 111-203, title III, §357(1), (2), July 21, 2010, 124 Stat. 1547, 1548.)

#### AMENDMENTS

2010—Subsec. (b)(4). Pub. L. 111-203, §357(1), inserted “a savings association,” after “an insured bank,” substituted “appropriate Federal banking agency” for “Director of the Office of Thrift Supervision”, and struck out “, the Federal Savings and Loan Insurance Corporation.” after “Federal Deposit Insurance Corporation”.

Subsec. (b)(5). Pub. L. 111-203, §357(2), substituted “terms ‘depository institution’ and ‘savings association’ have the same meanings as in section 1813” for “term ‘insured depository institution’ has the same meaning as in section 1813(c)”.

2006—Subsec. (b)(2)(A)(ii), (B)(ii). Pub. L. 109-351, §602(b)(1)(F), substituted “insured depository institutions” for “insured banks”.

Subsec. (b)(4). Pub. L. 109-351, §602(b)(1)(A), inserted “, except when such term appears in connection with the term ‘insured depository institution’,” after “means” and substituted “Director of the Office of Thrift Supervision” for “Federal Home Loan Bank Board”.

Subsec. (b)(5). Pub. L. 109-351, §602(b)(1)(B), added par. (5) and struck out former par. (5) which defined “insured bank”.

Subsec. (b)(8). Pub. L. 109-351, §602(b)(1)(G), substituted “means the insured depository institution” for “means the insured bank”, “insured depository institutions” for “insured banks” in two places, and “the depository institution’s appropriate” for “the bank’s appropriate”.

Subsec. (b)(9). Pub. L. 109-351, §602(b)(1)(C)-(E), added par. (9).

1996—Subsec. (a). Pub. L. 104-208, §2613(a), inserted heading and amended text of subsec. (a) generally. Prior to amendment, text read as follows: “This chapter may be cited as the ‘Bank Service Corporation Act’.”

Subsec. (b)(2). Pub. L. 104-208, §2613(b)(1), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “the term ‘bank service corporation’ means a corporation organized to perform services authorized by this chapter, all of the capital stock of which is owned by one or more insured banks;”.

Subsec. (b)(6). Pub. L. 104-208, §2613(b)(2), substituted “company” for “corporation” and struck out “and” after semicolon at end.

Subsec. (b)(7). Pub. L. 104-208, §2613(b)(3), added par. (7). Former par. (7) redesignated (8).

Subsec. (b)(8). Pub. L. 104-208, §2613(b)(4), substituted “company” for “corporation” wherever appearing and “equity” for “capital stock”.

Pub. L. 104-208, §2613(b)(3), redesignated par. (7) as (8). 1983—Subsec. (b)(4). Pub. L. 97-457 substituted “a” for “or another” after “insured bank,” and inserted reference to a financial institution insured by State law and eligible to be insured by certain Federal agencies.

1982—Subsec. (a). Pub. L. 97-320 substituted provision that this chapter may be cited as the “Bank Service Corporation Act” for provision that term “Federal supervisory agency” meant the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Board of Directors of the Federal Deposit Insurance Corporation.

Subsec. (b). Pub. L. 97-320 substituted definitions of “appropriate Federal banking agency”, “bank service corporation”, “Board”, “depository institution”, “insured bank”, “invest”, and “principal investor” for provision that term “bank services” meant services such as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a bank.

Subsec. (c). Pub. L. 97-320 redesignated provisions of subsec. (c) defining “bank service corporation” as (b)(2), and revised definition.

Subsec. (d). Pub. L. 97-320 redesignated provisions of subsec. (d) as (b)(6).

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

#### § 1862. Amount of investment in bank service company

Notwithstanding any limitation or prohibition otherwise imposed by any provision of law exclusively relating to banks or savings associations, other than the limitation on the amount of investment by a Federal savings association contained in section 1464(c)(4)(B) of this title, an insured depository institution may invest not more than 10 per centum of paid-in and unimpaired capital and unimpaired surplus in a bank service company. No insured depository institution shall invest more than 5 per centum of its total assets in bank service companies.

(Pub. L. 87-856, §2, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1541; Pub. L. 104-208, div. A, title II, §2613(c), Sept. 30, 1996, 110 Stat. 3009-477; Pub. L. 109-351, title VI, §602(a), (b)(2), Oct. 13, 2006, 120 Stat. 1978, 1979.)