

NOTICE OF PUBLIC HEARING**Ohio Department of Commerce
Division of Financial Institutions – Savings Banks**

Pursuant to Section 119.03 of the Ohio Revised Code, notice is given that the Division of Financial Institutions intends to conduct a public hearing on Tuesday, April 27, 2004 at 11:45 a.m. in the 21st Floor Library of the Vern Riffe Center for Government and the Arts located at 77 South High Street, Columbus, Ohio 43215-6120, regarding the Division's intent to rescind all existing Savings Banks rules in the Ohio Administrative Code and adopt new rules for the purpose of reorganizing and renumbering. The rules as summarized below are either new or replace an existing rule with new language and a new rule number:

1301:12-1-01, Notification of public hearing. The rule establishes that public notice of rulemaking activities related to savings banks, and the related public hearing shall be given in the Register of Ohio, and prescribes how additional notice will be provided if deemed necessary by the superintendent.

1301:12-1-02, Reimbursement for providing financial records. The rule establishes the rates and conditions for reimbursement of actual and necessary costs directly incurred by savings banks in assembling or providing customer financial records to any party.

1301:12-1-03, Record retention. This rule establishes the schedule for keeping records and documents of savings banks.

1301:12-2-01, Net worth requirement. This rule defines what net worth of a savings bank shall consist of, and sets forth the minimum net worth requirement of savings banks.

1301:12-2-02, Reserve requirement. This rule establishes the minimum amount of reserves against loss that savings banks shall maintain when certain conditions are in place and describes what savings banks may count towards reserves to meet the minimum requirements.

1301:12-3-01, Activities of services corporations. The rule lists activities that a savings bank service corporation may engage in without the Division's prior approval, and establishes the procedure for savings banks to follow to request the Division's prior approval to engage in activities through a service corporation that is not listed in the rule.

1301:12-3-02, Repurchase and reverse repurchase agreements. This rule describes the matters that must be addressed in savings banks board adopted policies to permit savings banks to enter into repurchase and reverse repurchase agreements. The rule prescribes disclosure requirements to be included in written contracts, and the circumstances of when collateralization of reverse repurchase agreements must be reported to the superintendent and discussed in board minutes.

1301:12-3-03, Operating subsidiaries. The rule authorizes savings banks to engage, through operating subsidiaries, in activities that savings banks may engage directly, and prescribes how a

savings bank establishes an operating subsidiary, and how the law relates to savings banks and their operating subsidiaries.

1301:12-3-04, Commercial lending. This rule allows state chartered savings banks to make commercial loans up to thirty per cent of savings banks' assets provided that a savings bank increase its reserves according to the schedule.

1301:12-3-05, Lending limits. The rule establishes how the limitation on obligations a savings bank may have outstanding to a single borrower is applied.

1301:12-4-01, Incorporation. This rule prescribes the procedure for a person(s) to make application to the Division to organize a state savings bank. The rule describes the documentation required to accompany the application.

1301:12-4-02, Change in control. The rule clarifies the applicability of when a person or persons must provide notice or application to the division to obtain control of a state savings bank, and establishes the procedure for giving and processing the notice/application. The rule also coordinates those procedures with the federal notice and processing procedures.

1301:12-4-03, Agency agreement between savings banks and affiliate and non-affiliate depository institutions. The rule allows state savings banks to provide specified services to its customers by entering into an agency agreement with an affiliate depository institution without the division's prior approval and prescribes how an agency agreement is made. The rule provides that prior approval must be sought if a state savings bank wants to contract to provide services to its customers through a non-affiliate depository institution or to provide other services than the rule allows. The rule clarifies that a state savings bank may not as agent or principal through its agent conduct activities prohibited under applicable law and that the bank office or branch of the depository institution acting as the savings bank's agent is not a branch of the savings bank.

1301:12-4-04, Conversion from mutual to stock. The rule prescribes the procedure for a mutual savings bank to convert to a stock savings bank. The rule describes the documentation required to accompany the application.

1301:12-4-05, Conversion to savings bank charter. The proposed rule prescribes the procedure for a financial depository institution to apply to convert its charter to an Ohio chartered savings bank. The rule describes the documentation required to accompany the application and the conditions under which an application may be approved.

1301:12-4-06, Remote service units. This rule establishes the definition of a remote service unit and establishes the procedures for savings banks to establish or use remote service units.

1301:12-5-01, Directors. This rule establishes that a state savings bank board shall consist of at least five members.

1301:12-5-02, Bonds for officers and employees. The rule establishes the schedule that sets forth the minimum fidelity bond coverage for savings banks' officers and employees.

Copies of the proposed rules may be obtained by calling Iris Eubank at (614)644-7529 at the Division of Financial Institutions or by accessing the Register of Ohio web site located at www.registerofohio.state.oh.us.