

HB 754 -- CERTAIN FINANCIAL ORGANIZATIONS (Oehlerking)

COMMITTEE OF ORIGIN: Standing Committee on Financial Institutions

This bill modifies the articles of agreement applicable to bank or trust companies.

The bill adds that the articles of agreement may include conditions and procedures relating to the issuance of additional shares of capital stock or other classes of stock, provided the terms and procedures are acceptable to the Director of Finance and notice of approval has been obtained from the Director of Finance (Section 362.020, RSMo)

Under current law, unless prohibited by statute or regulation, the board of directors may attend board meetings by telephone conference call or video conferencing, and the bank or trust company may include as a quorum directors who are not physically present but are allowed to vote, provided the bank or trust company has a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System of the Federal Financial Institution Examination Counsel (FFIEC). This bill repeals the reference to this prohibition by regulation and provides for an order or memorandum of understanding entered into with the Director of Finance relating to bank safety and soundness for the directors attending the board meetings. Further, the bill repeals a reference to composite rating under the FFIEC (Section 362.247)

Under current law, the board of directors are required to submit a fourth list to the meeting showing the aggregate of the existing indebtedness and liability of the bank or trust company of each of the directors, officers and their employees. This bill repeals this requirement. (Section 362.275)

The bill repeals the requirement for a bank or trust company to publish every report in the newspaper. A bank or trust company must provide a paper or electronic copy of any regular periodic reports that are required to be filed with the Department of Commerce and Insurance, to each customer upon request (Section 362.295)

This bill authorizes a bank to offer a "trusted contact" program, as defined in the bill, to customers who can designate one or more trusted contacts for the bank to contact in the event of an emergency, loss of contact with the customer or suspected third party fraud activity or financial exploitation targeting the customer. Under the bill, a bank is not liable for the actions of a trusted contact. Neither is the bank liable for declining to interact with a trusted contact if the bank determines such trusted

contact is not acting in the best interests of the customer. The bill also allows a customer to withdraw the appointment of a trusted contact. The bank can ask for documentation that supports the withdrawal or termination of a trusted contact. (Section 362.424)

This bill creates an alternative for banking institutions serving as depositories for public funds to secure their deposits in lieu of the method provided by current law, known as the "single bank pooled method". This method allows a banking institution to secure the deposit of public funds of one or more government entities through a pool of eligible securities held in custody and safekeeping with one or more other banking institutions or safe depositories, to be held subject to the order of the Director of the Division of Finance or an administrator, appointed as provided in the bill, for the benefit of the government entities having public funds deposited with the banking institution. The bill prohibits the use of the single bank pooled method absent the appointment of an administrator for that purpose, as provided in the bill. Furthermore, the administrator can be required to post a surety bond in an amount up to \$100,000.

The administrator of the single bank pooled method can establish the procedures and reporting requirements as necessary for depository banking institutions and their safekeeping banks or depositories to confirm the amount of insured public fund deposits, the pledge of securities to the administrator to secure the deposit of public funds, as agent for each participating banking institution, and to monitor the market value of pledged securities as reported by the custody agents, and to add, substitute, or remove securities held in the single bank pool as directed by the depository banking institution.

In the event of the failure and insolvency of a banking institution using the single bank pooled method, subject to any order of the director, the administrator will direct the safekeeping banks or depositories to sell the pledged securities and direct proceeds to the payment of the uninsured public fund deposits or to transfer the pledged securities to that banking institution's primary supervisory agency or the duly appointed receiver for the banking institution to be liquidated to pay out the uninsured public fund deposits. (Section 362.490)

The bill allows a credit union to offer a trusted contact program to members similar to that offered by a bank. (Section 370.245)

Under this bill, a debt collector, including a debt collection attorney or law firm, will be authorized to collect a payment transaction fee from a person, business, or other payor making a

credit card or an electronic payment that does not exceed the lesser of \$25.00 or three percent of the payment amount excluding the fee, provided certain disclosures are made when the transaction is complete, as explained in the bill. A sample form is included in the bill to achieve compliance. (Section 425.310)

This bill repeals Section 447.200 regarding inactive consumer deposit accounts (Section 447.200).