

INTERPRETIVE LETTER 95-4 (JULY 12, 1995)

Laws of Connecticut and Illinois that govern interstate acquisitions are reciprocal. However, the Commissioner must reaffirm this finding in reviewing an application by a Connecticut bank holding company to acquire an Illinois bank or Illinois bank holding company.

This letter responds to your inquiry dated *. You ask that the Illinois Commissioner of Banks and Trust Companies ("Commissioner") find the banking laws of the state of Connecticut, with respect to interstate bank acquisitions, reciprocal to those of Illinois. As explained in this letter, the Commissioner is of the opinion that the Illinois banking laws governing interstate acquisitions are reciprocal to those of Connecticut.

Section 3.071 of the Illinois Bank Holding Company Act ("Act"), 205 ILCS 10/3.071 (1994), allows the acquisition and ownership of Illinois banks and bank holding companies by out of state bank holding companies. Section 3.071 of the Act requires for interstate acquisitions that "the laws of the state that is the principal place of business of the out of state bank holding company expressly authorize the acquisition by an Illinois bank holding company of a bank or bank holding company in that state under qualifications and conditions that are not unduly restrictive when compared to those imposed by the laws of Illinois."

Connecticut banking laws on interstate acquisitions are not unduly restrictive compared to those imposed by the laws of Illinois. We reviewed the Connecticut Bank Holding Company and Bank Acquisition Act, Conn. Gen. Stat. sec. 36a-180 to 36a-191 (1995), and interstate banking laws, Conn. Gen. Stat. sec. 36a-410 to 36a-413 (1995). Connecticut law requires that "any out of state holding company may, . . . acquire and retain direct or indirect ownership or control . . . of any bank or Connecticut holding company, if the laws of the [acquiring company's] state . . . authorize, under conditions no more restrictive than those imposed by the laws of Connecticut . . . the establishment or acquisition and retention of direct or indirect ownership or control" of banks or bank holding companies in the acquiring company's state by Connecticut holding companies. Conn. Gen. Stat. sec. 36a-411 (1995). The Commissioner specifically finds that an Illinois bank holding company could acquire a Connecticut bank holding company and its subsidiary banks under qualifications and conditions similar to those imposed by Illinois law on an acquiring Connecticut institution. Therefore, the Commissioner finds that, as of the date of this letter, the bank holding company interstate acquisition laws of Connecticut are reciprocal with those of Illinois.

Even though the Illinois and Connecticut banking statutes are presently reciprocal, the Commissioner must make a separate reciprocity determination for each Connecticut bank holding company application to acquire an Illinois bank or bank holding company.

However, absent any material changes to the interstate banking provisions of Connecticut or Illinois, a Connecticut bank holding company will be permitted to acquire an Illinois bank holding company subject to the provisions of the Act.

[NOTE: Connecticut Public Act 95-155 amended the laws referred to in this letter. However, the opinion of the Commissioner remains unchanged as to the determination of reciprocity between Connecticut bank holding company and interstate acquisition laws and those of Illinois. See Interpretive Letter Number 95-4A.]