

STATE OF FLORIDA
DEPARTMENT OF BANKING AND FINANCE
DIVISION OF BANKING

IN RE:

INTERNATIONAL BANK
AGENCIES,

STATE CAPITAL EQUIVALENCY
DEPOSITS,

DBF B 1992-376 OGA
Administrative Proceeding
Number: 3074-B-9/92
Docketed – 10/5/92

ORDER OF GENERAL APPLICATION

In the exercise of the power and authority vested in the Department of Banking and Finance ("Department"), pursuant to Section 655.012(3) and Section 655.061, Florida Statutes, the Department hereby issues this Order of General Application regarding the minimum requirements of state capital equivalency deposits for international bank agencies in the State of Florida.

FINDINGS OF FACT

- 1 . The Department is authorized by Section 655.012(3), Florida Statutes, to issue an order of general application.
2. Section 663.07, Florida Statutes, as amended by Section 163 of Chapter, 92-303, Laws of Florida, requires that each international bank agency licensed by the Department shall maintain with one or more banks in this state capital equivalency deposits in an amount not less than the greater of four million dollars or seven percent of the total liabilities of the international bank agency, and that if on the last business

day of any month the monthly average capital equivalency ratio is less than 7%, the international bank agency shall increase its deposits or investment securities within seven days of the end of the month in which the deficiency occurred.

3. Prior to the enactment of Chapter 92-303, Laws of Florida, Florida international bank agencies were required to maintain assets in this state equal to or not less than 105 percent of their respective liabilities or capital equivalency deposits equal to the greater of one and one-half million dollars or five percent of total liabilities.

4. As a result of the enactment of Chapter 92-303, Laws of Florida, many international bank agencies in Florida will be required to increase the amount of their capital equivalency deposits or the amount of assets held in this state within seven days of the end of the month which a deficiency occurs, or by August 7, 1992.

5. The Department finds that such seven day period will not permit the orderly accomplishment of the required increase in the capital equivalency deposits and assets maintained in Florida by international bank agencies and that additional time is necessary in order to permit international bank agencies, with liabilities in the state, to arrange for the transfer of funds, investment securities and other assets with which to satisfy the capital equivalency and assets maintenance requirements of Section 663.07, Florida Statutes, as amended.

CONCLUSIONS OF LAW

6. Section 663-07(3), Florida Statutes, provides that, in lieu of capital equivalency deposits, the Department may, by rule, permit international bank agencies

to hold assets in this state which bear such relationship to their aggregate liabilities as the Department shall prescribe. The Department has previously promulgated Rule 3C-15.010, Florida Administrative Code, which prescribes minimum capital equivalency deposit requirements for international bank agencies and provides that such capital equivalency deposits must equal the greater of one and one-half million dollars or 5 percent of the total liabilities of the international bank agency.

7. Additionally, Section 663.07(3), Florida Statutes, provides that the Department may, by order reduce the amount of assets which an international bank agency must hold in this state, provided that the amount of such assets may not be less than 100% of the total liabilities of each such international bank agency. In issuing such order, the Department must take into account the objective of maintaining a sound banking system in this state.

8. The Department is required to exercise its general regulatory powers with respect to state-chartered and state-licensed financial institutions in accordance with the purposes of the financial institutions codes as set forth in Section 655.001, Florida Statutes, and must provide for and promote:

- (a) The safe and sound conduct of the business of international bank agencies;
- (b) The maintenance of public confidence in international bank agencies;
- (c) The prudent conservation of the assets of international banking corporations subject to the financial institutions codes;
- (d) The opportunity for international bank agencies to be and remain competitive with each other and with

other financial institutions; and

- (e) The opportunity for the management of international bank agencies, in conducting the business and affairs of their institutions, to exercise their business judgement subject to an consistently with the financial institutions codes.

9. The Department concludes, as a matter of law, that in order to protect the interests of the public and promote the purposes of the financial institutions codes, and in order to accomplish the objective of maintaining a sound banking system in this state, this Order shall be issued to establish interim minimum capital equivalency and asset maintenance requirements for international bank agencies to provide a reasonable period of time within such agencies may meet the requirements of Section 663.07, Florida Statutes as amended.

ORDER

IT IS THEREFORE ORDERED THAT:

On July 3, 1992, the effective date of Section 663.07, Florida Statutes, as amended by Section 163 of Chapter 92-303, Laws of Florida through December 31, 1992, the provisions of Rule 3C-1 5.01 0, Florida Administrative Code, shall remain in effect. In accordance with the provisions of such Rule, the aggregate amount of assets (calculated at book value) which each international bank agency shall hold in this state, in lieu of any capital equivalency deposit, shall, at the minimum, equal the greater of:

- (a) one and one-half million dollars or
- (b) 5 percent of the total liabilities of the international bank agency, excluding

1. accrued expenses, and
2. amounts due and other liabilities to branches, offices, agencies and subsidiaries of such international banking corporation.

DONE AND ORDERED this 5th day of October, 1992, in Tallahassee, Florida 32399.

GERALD LEWIS, as Comptroller
of the State of Florida and
Head of the Department
of Banking and Finance