

§ 1850. Acquisition of subsidiary, nonbanking activity or business, and tying arrangement: Federal Reserve Board proceedings; application for authorization; competitor as party in interest and person aggrieved; judicial review

With respect to any proceeding before the Federal Reserve Board wherein an applicant seeks authority to acquire a subsidiary which is a bank under section 1842 of this title, to engage directly or indirectly in a nonbanking activity pursuant to section 1843 of this title, or to engage in an activity otherwise prohibited under chapter 22 of this title, a party who would become a competitor of the applicant or subsidiary thereof by virtue of the applicant's or its subsidiary's acquisition, entry into the business involved, or activity, shall have the right to be a party in interest in the proceeding and, in the event of an adverse order of the Board, shall have the right as an aggrieved party to obtain judicial review thereof as provided in section 1848 of this title or as otherwise provided by law. (Pub. L. 91-607, title I, §105, Dec. 31, 1970, 84 Stat. 1766.)

CODIFICATION

Section was enacted as part of the Bank Holding Company Act Amendments of 1970, and not as part of the Bank Holding Company Act of 1956 which comprises this chapter.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1841, 3106 of this title.

CHAPTER 18—BANK SERVICE CORPORATIONS

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1864.	Permissible bank service corporation activities for other persons. <ul style="list-style-type: none"> (a) Services permissible other than taking deposits. (b) Services to be performed in State where shareholders are located. (c) Performance where State bank is shareholder. (d) Performance where national bank is shareholder. (e) Performance where State bank and national bank are shareholders. (f) Geographic location.
1865.	Prior approval for investments in bank service corporations. <ul style="list-style-type: none"> (a) Approval of Federal banking agency. (b) Approval of Board. (c) Considerations in determining approval. (d) Failure to act on application for approval.
1866.	Services to nonstockholders.
1867.	Regulation and examination of bank service corporations. <ul style="list-style-type: none"> (a) Principal investor. (b) Applicability of section 1818 of this title. (c) Services performed by contract or otherwise. (d) Issuance of regulations and orders.

§ 1861. Short title and definitions

(a) This chapter may be cited as the "Bank Service Corporation Act".

(b) 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 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;

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

(4) the term "depository institution" means an insured bank, financial institution subject to examination by the Federal Home Loan Bank Board 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, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration Board;

(5) the term "insured bank" shall have the meaning provided in section 1813(h) of this title;

(6) the term "invest" includes any advance of funds to a bank service corporation, 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; and

(7) the term "principal investor" means the insured bank that has the largest dollar amount invested in the capital stock of a bank service corporation. In any case where two or more insured banks have equal dollar amounts invested in a bank service corporation, the corporation shall, prior to commencing operations, select one of the insured banks as its principal investor and shall notify the bank's appropriate Federal banking agency of that choice within 5 business days of its selection.

(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.)

AMENDMENTS

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,