

## CHAPTER 5

### Licensing of Banks

#### SECTIONS

- § 501.        **Licensing of banks.**
- § 502.        **License fees.**
- § 503.        **Transitional arrangement.**
- § 504.        **Licenses—Board review. [REPEALED]**

#### **§ 501. Licensing of banks.**

(1)        The Banking Commissioner shall issue licenses to engage in banking business to banks pursuant to sections 308 and 407 of this subtitle. A license shall be in writing and subject to such terms and conditions, including but not limited to capital which a bank shall maintain in relation to the size and nature of its business, with which the bank shall comply, as may be specified in its license.

(2)        A copy of the license issued under this section shall be displayed and kept displayed conspicuously in a public part of all places of business of the bank in the Federated States of Micronesia.

(3)        The Banking Board may from time to time, by notice in writing to a bank holding a license issued, or deemed to have been issued, under this section, impose new or additional conditions of the license or vary or remove any conditions already imposed.

(4)        The Banking Board shall not take any action under subsection (3) of this section without first consulting the bank concerned and affording it an opportunity to make submissions to the Banking Board.

(5)        A license issued under this section shall remain valid unless canceled in accordance with the provisions of this subtitle.

**Source:** PL 9-130 § 20.

#### **§ 502. License fees.**

Banks holding a valid license issued pursuant to section 501 of this subtitle shall pay an annual license fee of \$2,000 for each office or branch to be operated in the Federated States of Micronesia during the succeeding calendar year. The license fee shall be paid before the 31<sup>st</sup> day of December each year, in respect of the next succeeding calendar year.

**Source:** PL 9-130 § 21.

**Case annotations:** Where licenses are to be issued to each bank branch, and each bank branch must be scrutinized as to its qualifications for a license, it is a reasonable statutory interpretation that the regulatory license fee must be paid for each bank branch. *Bank of the FSM v. FSM*, 6 FSM R. 5, 8 (Pon. 1993).

The context of Chapter 5 of Title 29 requires that the term “bank” be understood to mean bank branch when used in 29 F.S.M.C. 502 and 504. Therefore scrutiny for license qualifications and payment of license fees are to be on a per branch basis. *Bank of the FSM v. FSM*, 6 FSM R. 5, 8 (Pon. 1993).

### **§ 503. Transitional arrangement.**

Any bank now holding a valid license to engage in banking business issued pursuant to this subtitle shall be deemed to be licensed under the provisions of section 501 of this chapter, shall be issued with a license accordingly, and shall be subject to the provisions of this subtitle.

**Source:** PL 9-130 § 22.

### **§ 504. Licenses—Board review. [REPEALED]**

**Source:** PL 1-94 § 501(4); PL 1-155 § 1 (part); PL 6-41 § 2; Repealed by PL 9-130 § 23.

**Case annotations:** Where licenses are to be issued to each bank branch, and each bank branch must be scrutinized as to its qualifications for a license, it is a reasonable statutory interpretation that the regulatory license fee must be paid for each bank branch. *Bank of the FSM v. FSM*, 6 FSM R. 5, 8 (Pon. 1993).

The context of Chapter 5 of Title 29 requires that the term “bank” be understood to mean bank branch when used in 29 F.S.M.C. 502 and 504. Therefore scrutiny for license qualifications and payment of license fees are to be on a per branch basis. *Bank of the FSM v. FSM*, 6 FSM R. 5, 8 (Pon. 1993).