

ADOPTIONS SECTION

BANKING

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKING

Notice of Readoption

Bank Service Corporations

Readoption: N.J.A.C. 3:14

Authority: N.J.S.A. 17:1-15.e and 17:9A-24.4.

Authorized By: Richard J. Badolato, Commissioner, Department of Banking and Insurance.

Effective Date: November 22, 2016.

New Expiration Date: November 22, 2023.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:14 were scheduled to expire on January 8, 2017. The rules implement N.J.S.A. 17:9A-24.1 et seq., and provide the banking industry with standards for the formation of and services provided by bank service corporations. Bank service corporations perform bank services, other than the taking of deposits, for their stockholders or other institutions.

The rules provide definitions of key terms, such as “affiliate,” “appropriate Federal banking agency,” “bank,” “bank services,” “bank service corporation,” “banking institution,” “invest,” and “limited liability company.”

The rules identify services that bank service corporations are permitted to provide without application to the Commissioner of Banking and Insurance (Commissioner). The rules also identify services that may be performed only upon application to the Commissioner, the

procedure for filing such applications, and the standards for the Commissioner's approval or disapproval of such applications.

The chapter also prohibits a bank service corporation from discriminating in providing bank services to banking institutions that do not own stock in the bank service corporation, except that a bank service corporation may charge nonstockholding banking institutions a price reflecting the full cost of providing such services, including the cost of capital and a reasonable return thereon, and except that a bank service corporation may refuse to provide bank services if the services are available elsewhere at a comparable cost or are beyond the reasonable capacity of the bank service corporation.

The Department of Banking and Insurance has reviewed these rules and has determined that the rules should be readopted without change. The rules are necessary, reasonable, and proper for the purpose for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c, these rules are hereby readopted and shall continue in effect for a seven-year period.