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TENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FOURTH REGULAR SESSION, 1998

C. B. NO. 10-320

A BILL FOR AN ACT

To further amend title 29 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 6-41, 6-73, and 9-130, by further amending section 102, as amended by Public Law No. 9-130, for the purpose of clarifying the definition of a bank and by amending section 103 to clarify the application of title 29 to the FSM Development Bank, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 102 of title 29 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No. 9-
3 130, is hereby further amended to read as follows:

4 "Section 102. Definitions. As used in this title,
5 unless it is otherwise provided or the context
6 requires a different construction, application, or
7 meaning:

8 (1) 'Bank' means [~~a stock or mutual corporation~~
9 ~~or unincorporated association with sufficient~~
10 ~~capital, authorized by law to receive deposits of~~
11 ~~money or securities, to open credits, checking~~
12 ~~accounts, and savings accounts, to make loans, and in~~
13 ~~general to engage in all kinds of banking~~
14 ~~transactions, but does not mean a National banking~~
15 ~~association established by the Federated States of~~
16 ~~Micronesia]~~ any person or body of persons or a
17 corporation authorized by law to engage in the
18 banking business. 'Bank' includes a savings and loan
19 association but does not include a credit union.

20 (2) 'Banking business' means the business of
21 accepting from the public or members thereof deposits
22 of money, withdrawable or payable on demand or after
23 a fixed period or after notice, or any similar
24 operation through the frequent sale or placement of
25 notes or other securities; and the use of such funds

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1 either in whole or in part for loans, investments or
2 any other operation either authorized by law or
3 customary banking practice, for the account and at
4 the risk of the entity undertaking said business.

5 ([2]3) 'Banking Board' means the Board
6 established pursuant to section 201 of this title.

7 ([3]4) 'Banking Commissioner' means the Banking
8 Commissioner appointed pursuant to section 206 of
9 this title.

10 ([4]5) 'Branch' means an office of a bank at
11 which deposits are received and either checks are
12 paid or money is lent.

13 ([5]6) 'Demand deposit' means any deposit which
14 is repayable by its terms not more than three days
15 after the time it is made.

16 ([6]7) 'Deposits' means money or other property
17 transferred or assigned to any person pursuant to an
18 agreement, expressed or implied, that the person
19 shall repay such moneys upon demand (whether in
20 person or by written order) or after a fixed or
21 determinable period of time. Money loaned to a bank
22 which is to be repaid not sooner than five years from
23 the date of the loan, and pursuant to a loan
24 agreement under which the obligation to repay is
25 subordinate to the rights of depositors, shall not be

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1 deemed to be a deposit. Money transferred to a
2 credit union as a purchase of its shares shall not be
3 deemed to be a
4 deposit.

5 ([7]8) 'Domestic bank' means a bank organized
6 under the provisions of chapter 3 of this title.

7 ([8]9) 'Foreign bank' means a corporation or
8 other financial institution organized for the purpose
9 of engaging in the banking business under the laws of
10 the United States or of a territory or State of the
11 United States, or of a foreign country, operating a
12 bank in its home territory, State, or country.

13 ([9]10) 'Legal reserve' means the sum which
14 every domestic bank and foreign bank shall at all
15 times have available for the payment of their deposit
16 liabilities pursuant to the provisions of this title.

17 ([10]11) 'Paid-in capital, surplus, and
18 undistributed profits' means, in the case of a
19 foreign bank, the aggregate paid-in capital, surplus,
20 and undistributed profits of such bank and not merely
21 that allocated to, located in, or arising out of its
22 operations in the Federated States of Micronesia.

23 ([11]12) 'Person' includes individuals,
24 corporations, partnerships, and any other business
25 entity.

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1 (~~12~~13) 'Public Auditor' means the Public
2 Auditor appointed by the President of the Federated
3 States of Micronesia with the advice and consent of
4 the Congress pursuant to the Constitution.

5 (~~13~~14) 'Registrar of Corporations' means the
6 Registrar of Corporations of the National Government
7 of the Federated States of Micronesia.

8 (~~14~~15) 'Related person' with respect to any
9 person means his spouse, child, parents, brothers, or
10 sisters, or any partnership, corporation, or firm in
11 which he owns more than a ten percent interest."

12 Section 2. Section 103 of title 29 of the Code of the
13 Federated States of Micronesia is hereby amended to read as
14 follows:

15 "Section 103. Application of title. This title
16 shall apply to and govern all banks operating a
17 branch or office in the Federated States of
18 Micronesia; and any bank now existing and operating a
19 branch or office in the Federated States of
20 Micronesia shall hereafter be operated in accordance
21 with the provisions of this title, and shall be
22 required to obtain a license pursuant to chapter 5 of
23 this title on or before the 31st day of December
24 following the effective date of this title. This
25 title shall also apply to the FSM Development Bank if

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1 and when it engages in the acceptance of deposits of
2 money from the public or members thereof,
3 withdrawable or payable on demand or after a fixed
4 period or after notice."

5 Section 3. This act shall become law upon approval by
6 the President of the Federated States of Micronesia or upon its
7 becoming law without such approval.

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9 Date: 11/12/98

Introduced by: 
Joseph J. Urusemal
(by request)

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