

**CHAPTER 21. GENERAL PROVISIONS FOR ALL
STATE-CHARTERED BANKING INSTITUTIONS**

PRELIMINARY PROVISIONS

- Sec.
21.1. Financial information submitted by institutions to the Federal supervisory authorities.
21.2. Unscheduled closing.
21.3. Saturday banking hours.
21.4. Accretion of discount on securities.
21.5. [Reserved].
21.6. Irregularities.

MESSENGER SERVICE

- 21.11. Authority to provide messenger service.
21.12. Agreements.
21.13. Advertisements.
21.14. Insurance.

BONDS AND SURETYSHIP

- 21.21 Subsidiary corporations.

FUTURES AND PRECIOUS METALS

- 21.31. Commodity futures and gold and silver transactions.

ACCEPTANCES

- 21.41. Acceptances.

CONTROL

- 21.51. Executive officer.

INSURANCE AND ANNUITIES

- 21.61. [Reserved].

Authority

The provisions of this Chapter 21 issued under the Banking Code of 1965 (7 P. S. §§ 101—6404), unless otherwise noted.

PRELIMINARY PROVISIONS**§ 21.1. Financial information submitted by institutions to the Federal supervisory authorities.**

All banking institutions which are required by the Securities Exchange Act of 1934, as amended (15 U.S.C.A. § 78(a) et seq.), to furnish the Federal supervisory authorities with financial information, shall supply one copy of such information to the Department.

Authority

The provisions of this § 21.1 issued under section 403 of the Department of Banking and Securities Code (71 P. S. § 733-403).

Source

The provisions of this § 21.1 adopted by Secretary's Letter "L," dated January 23, 1968.

§ 21.2. Unscheduled closing.

(a) In the event of an emergency resulting from civil strife, either actual or threatened, in the vicinity of one or more of the offices of the institution, or from fire, abnormal weather conditions, power failure, or impairment of bank facilities, any of which substantially interferes with the conduct of normal business operations at one or more offices of the institution, such offices shall be permitted to close until conditions return to normal.

(b) If it is deemed necessary by an institution to close its offices because of an emergency as set forth in subsection (a) of this section, it shall not be required to obtain express approval from the Department to effect such a closing. An institution shall, however, give written notice to its primary supervisory authority within five business days after the commencement of business following such closing of one or more of its offices for an emergency as authorized by subsection (a) of this section. Such written notice shall mention the office or offices closed, the duration of the closing and the nature of the emergency.

(c) When used in this section, the term "institution" includes a national bank.

Authority

The provisions of this § 21.2 issued under section 202 of the Department of Banking and Securities Code (71 P. S. § 733-202).

Source

The provisions of this § 21.2 adopted by Secretary's Letter "J," dated July 31, 1967, amended December 8, 1978, 8 Pa.B. 3493. Immediately preceding text appears at serial page (33893).

§ 21.3. Saturday banking hours.

(a) The term “banking day” when used in this section means that part of any day on which a bank is open to the public for carrying on substantially all of its banking functions.

(b) All banks engaged in or contemplating Saturday banking hours must determine that accounting procedures are performed in accordance with the provisions of the Uniform Commercial Code (12A P. S. §§ 1-101—10-104).

(c) For purposes of deferred posting and return of items, a bank must perform its accounting procedures prior to midnight of its next banking day for the day on which items are received.

(d) In the instance of banks who no longer perform their own bookkeeping and who have adopted Saturday banking hours, the following rules apply:

(1) Transactions of Friday must be posted at the computer center and returned to the bank by Saturday morning.

(2) Transactions of Friday night and Saturday will have to be sent to the computer center Saturday night for return on Monday morning.

Source

The provisions of this § 21.3 adopted by Secretary’s Letter “F,” dated March 14, 1966.

§ 21.4. Accretion of discount on securities.

In order to conform to the reporting requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78c et seq. (1971)), State banking institutions shall be permitted to accrete discount, by increasing book value not in excess of par value on obligations of the Federal Government, State or political subdivisions, and corporate obligations of investment grade purchased at a discount, by one of the following bookkeeping methods:

(1) Accumulation of discount in a reserve account until the security written up to par value is disposed of, when proper credit would be made to the undivided profits account.

(2) Taking discount directly into undivided profits as the book value is increased.

Source

The provisions of this § 21.4 adopted by Secretary’s Letter dated May 25, 1965 and amended by Secretary’s Letter “D,” dated November 30, 1965, and through August 8, 1975, 5 Pa.B. 2026. Immediately preceding text appears at serial page (2001).

§ 21.5. [Reserved].**Source**

The provisions of this § 21.5 adopted August 8, 1975, 5 Pa.B. 2026; reserved October 26, 1984, effective October 27, 1984, 14 Pa.B. 3908. Immediately preceding text appears at serial page (37022).

§ 21.6. Irregularities.

(a) It is necessary that the Department investigate all irregularities to determine whether criminal proceedings should be instituted. Irregularities are to be reported to the Department immediately upon discovery.

(b) Any irregularity which involves a violation of any law of the Commonwealth and any irregularity, the circumstances surrounding which give rise to a suspicion that a criminal law has been violated, shall be reported to the Department immediately upon discovery. In addition, all other shortages, including teller discrepancies and mysterious disappearances, in the amount of \$1,000 or more shall be reported.

Source

The provisions of this § 21.6 adopted August 9, 1975, 5 Pa.B. 2027.

MESSENGER SERVICE**Authority**

The provisions of these §§ 21.11—21.14 issued under section 103(a)(viii) of the Banking Code of 1965 (7 P. S. § 103(a)(viii)).

Source

The provisions of these §§ 21.11—21.14 adopted August 28, 1970, 1 Pa.B. 213, unless otherwise noted.

§ 21.11. Authority to provide messenger service.

An institution may utilize the services of an independent armored car or similar transportation service, which is duly licensed as an express company, for the purpose of picking up deposits or other valuables at the customer's place of business or delivering cash or other valuables which require guarding or special handling. The cost of such service may be paid by the institution.

§ 21.12. Agreements.

Messenger service may be furnished only pursuant to a written agreement between the messenger service company and the institution's customer, under which agreement the messenger becomes the agent of the customer of the institution. The agreement shall further provide that the institution assumes no liability for deposits collected by the messenger from the institution's customers until they are received at an office of the institution and that the institution shall not be liable for cash or other valuables after the institution has delivered them to the messenger for transmission to the customer.

§ 21.13. Advertisements.

Advertising material employed shall not include any reference to messenger service utilized by the institution. Neither shall the transportation service make

reference to its employment by or relationship with the institution by any type of advertising, including legends placed upon the vehicles.

§ 21.14. Insurance.

The carrier shall maintain insurance coverage which the institution shall determine to be sufficient for the protection of the institution's customers. Such insurance coverage must be commensurate with the value of the assets transported, but, in no event, be less than the coverage prescribed by other laws or regulations.

BONDS AND SURETYSHIP

§ 21.21. Subsidiary corporations.

An institution may guarantee the actions of a subsidiary corporation, as defined in the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.* (1971)), to the extent that it could assume similar and direct liabilities in its own behalf. The aggregate of all such guarantees and direct liabilities shall at no time exceed the limitations of sections 202(e) and 314(b) of the Banking Code (7 P. S. §§ 202(e) and 314(b)) or any other limitations set forth in the Banking Code, without prior written approval of the Department.

Authority

The provisions of this § 21.21 issued under section 313(a)(iv) of the Banking Code of 1965 (7 P. S. § 313(a)(iv)).

Source

The provisions of this § 21.21 adopted August 28, 1970, 1 Pa.B. 213.

FUTURES AND PRECIOUS METALS

§ 21.31. Commodity futures and gold and silver transactions.

(a) An institution may enter into transactions involving commodity futures or gold or silver coin or bullion solely on behalf of customers, upon formal written agreements with customers to purchase or sell for their accounts these items. In no event may an institution engage in these transactions for its own account, except in extensions of credit in the form of repurchase agreements covering silver coin or bullion in the ordinary course of business.

(b) An institution may enter into an agreement with a supplier of gold or silver coin or bullion whereby the institution acts as agent for the supplier and accepts such metals, in whatever form, upon either a consignment basis or for delivery within a few days after a specific order is received, with no right or title to the metals or proceeds from sale thereof, except agent's commission. An institution may not purchase gold or silver from a customer except as the agent of

such a supplier. An institution shall determine whether its blanket bond covers gold or silver in its possession or whether separate insurance is necessary.

(c) An institution may not take pledges of commodity futures or gold or silver coin or bullion as collateral security for a loan unless the market value of such pledged asset at all times is not less than 120% of the value of the loan.

(d) An institution shall disclose to customers proposing to enter into the aforementioned transactions the general risks that are inherent therein, as well as the expenses customarily charged in connection with the transactions. An institution shall disclose that these markets are volatile, that there is a possibility that a loss will be incurred, that such investments provide no yield or interest, and that if bullion is not left for safekeeping with the institution, the customer may incur a substantial charge for authentication of the bullion at the time of sale. In all sales or purchases of gold or silver made by an institution under this section, the institution shall disclose that it is acting as agent of a supplier and the identity of the supplier.

Source

The provisions of this § 21.31 adopted July 18, 1975, 5 Pa.B. 1840, amended April 28, 1978 8 Pa.B. 1190. Immediately preceding text appears at serial page (23475).

ACCEPTANCES

§ 21.41. Acceptances.

An institution may accept drafts drawn upon it, under the provisions set forth in section 308(a) of the Banking Code of 1965 (7 P. S. § 308(a)), having not more than 270 days sight to run from the time of acceptance.

Source

The provisions of this § 21.41 adopted April 14, 1978, 8 Pa.B. 1101.

CONTROL

§ 21.51. Executive officer.

(a) For purposes of sections 1414 and 1415 of the Banking Code of 1965 (7 P. S. §§ 1414 and 1415), an "executive officer" of an institution or affiliate is defined as a person who participates or has authority to participate in major policymaking functions of the institution or affiliate, whether or not such person has an official title, has a title which designates such person an assistant, or is serving without salary or other compensation. The chairman of the board, the president, every vice president, the cashier, the secretary, and the treasurer of the institution or affiliate is considered an executive officer unless any such person is excluded by resolution of a board of directors or by the bylaws of the institution

or affiliate from participation in major policymaking functions of the institution or affiliate and such person does not actually so participate.

(b) A director or trustee of an institution or affiliate, when acting solely in the capacity of a director or trustee, is not an executive officer for purposes of sections 1414 and 1415 of the Banking Code of 1965 (7 P. S. §§ 1414 and 1415).

Authority

The provisions of this § 21.51 issued under section 1414 of the Banking Code of 1965 (7 P. S. § 1414).

Source

The provisions of this § 21.51 adopted August 1, 1980, effective August 2, 1980, 10 Pa.B. 3185; amended March 11, 1983, effective March 12, 1983, 13 Pa.B. 972. Immediately preceding text appears at serial page (53077).

INSURANCE AND ANNUITIES

§ 21.61. [Reserved].

Source

The provisions of this § 21.61 adopted December 13, 1996, effective December 14, 1996, 26 Pa.B. 5991; reserved June 11, 1999, effective June 12, 1999, 29 Pa.B. 3000. Immediately preceding text appears at serial page (223201).

[Next page is 23-1.]

21-8

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