

A Bill for an Act Relating to International Banking.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The purpose of this Act is to expand the types of institutions that may establish an international banking facility (IBF) in the State of Hawaii.

Act 278, Relating to International Banking, was enacted in 1983 enabling the State to gain stature as an international banking center. Since the approval date, two Hawaii-chartered banks have established IBF's. However, by excluding outside banking institutions from participation, Hawaii severely limited its potential role as a Pacific international banking center.

To remedy this situation, the legislature proposes to conform Hawaii's definition of eligible depository institutions with that of the Federal Reserve Board.

SECTION 2. Section 405A-1, Hawaii Revised Statutes, is amended by amending subsection¹ (1) to read as follows:

“[(1) “Bank” includes any organization subject to chapter 403 or 407.]
(1) “Depository institution” shall have the meaning set forth in the regulations of the Board of Governors of the Federal Reserve System (12 CFR 201.2 (a)(1)), including any organization subject to chapter 403 or 407, Hawaii Revised Statutes.””

SECTION 3. Section 405A-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“[(a) Except for federal law, any other law to the contrary notwithstanding, any bank organized under chapter 403, or savings and loan association subject to chapter 407, may establish one or more international banking facilities for the purpose of:]

(a) A depository institution, an Edge or Agreement Corporation or United States branch or agency of a foreign bank may establish an international banking facility for the purpose of:

- (1) Making, arranging for, placing, or servicing loans to foreign persons; provided that in the case of a foreign person which is an individual, or which is a foreign branch of a domestic corporation (other than a bank), or which is a foreign corporation or foreign partnership which is eighty per cent or more owned or controlled, either directly or indirectly, by one or more domestic corporations (other than a bank), domestic partnership, or resident individual, all the proceeds of the loan shall be for use outside of the United States;
- (2) Making or placing deposits of foreign persons which are banks or foreign branches of banks (including foreign subsidiaries or foreign branches of the taxpayer) or with other international banking facilities;
- (3) Entering into foreign exchange trading or hedging transactions related to any other transactions described in this paragraph; and
- (4) Accepting deposits from foreign persons.”

ACT 242

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 5. This Act shall take effect upon approval.

(Approved June 4, 1984.)

Note

1. So in original.