

\*\*\* DRAFT - NOT YET FILED \*\*\*

1301:1-3-05

**Insider loan reporting.**

(A) For the purposes of this rule, the following definitions apply unless otherwise specified:

- (1) "Bank" has the meaning given in division (B) of section 1101.01 of the Revised Code and includes a branch or agency of a foreign bank, or a commercial lending company controlled by a foreign bank or by a company that controls a foreign bank, where the branch or agency is maintained in a state of the United States or in the District of Columbia or the commercial lending company is organized under state law.
- (2) "Company" "control of a company or bank," "executive officer," "extension of credit," "immediate family," and "person" have the meanings provided in rule 1301:1-3-04 of the Administrative Code.
- (3) "Correspondent account" means an account that is maintained by a bank with another bank for the deposit or placement of funds. A correspondent account does not include either of the following:
  - (a) Time deposits at prevailing market rates;
  - (b) An account maintained in the ordinary course of business solely for the purpose of effecting federal funds transactions at prevailing market rates or making eurodollar placements at prevailing market rates.
- (4) "Correspondent bank" means a bank that maintains one or more correspondent accounts for a bank during a calendar year that in the aggregate exceed an average daily balance during that year of one hundred thousand dollars or one half of one per cent of the bank's total deposits, as reported in its first consolidated report of condition during that calendar year, whichever amount is smaller.
- (5) "Principal share holder" and "related interest" have the meanings provided in paragraph (H) of rule 1301:1-3-04 of the Administrative Code.

(B)

- (1) If during any calendar year an executive officer or principal shareholder of a bank or a related interest of such a person has outstanding an extension of

credit from a correspondent bank of the bank, the executive officer or principal shareholder shall, on or before January thirty-first of the following year, make a written report to the board of directors of the bank.

- (2) Except as provided in paragraph (B)(3) of this rule, the report required by paragraph (B)(1) of this rule shall include the following information:
  - (a) The maximum amount of indebtedness of the executive officer or principal shareholder and of each of that person's related interests to each of the banks' correspondent banks during the calendar year;
  - (b) The amount of indebtedness of the executive officer or principal shareholder and of each of that person's related interests outstanding to each of the bank's correspondent banks as of ten business days before the report required by paragraph (B) of this rule is filed;
  - (c) A description of the terms and conditions, including the range of interest rates, the original amount and date, maturity date, payment terms, security, if any, and any other unusual terms or conditions of each extension of credit included in the indebtedness reported under paragraph (B)(2)(a) of this rule.
- (3) If the amount of indebtedness outstanding to a correspondent bank ten days before the filing of the report is not available or cannot be readily ascertained, an estimate of the amount of indebtedness may be filed with the report, provided that the report is supplemented within the next thirty days with the actual amount of indebtedness.
- (4) For the purposes of paragraph (B) of this rule the following definitions apply:
  - (a) "Indebtedness" means an extension of credit, but does not include either of the following:
    - (i) Commercial paper, bonds, and debentures issued in the ordinary course of business;
    - (ii) Consumer credit in an aggregate amount of five thousand dollars or less from each of the bank's correspondent banks, provided the indebtedness is incurred under terms that are not more favorable than those offered to the general public.
  - (b) "Maximum amount of indebtedness" means, at the option of the reporting

person, either of the following:

- (i) The highest outstanding indebtedness during the calendar year for which the report is made;
  - (ii) The highest end of the month indebtedness outstanding during the calendar year for which the report is made.
- (5) The reports required by this rule shall be retained at the bank for a period of three years. The superintendent may require these reports to be retained by the bank for an additional period of time. The reports filed under this rule are not required by this rule to be made available to the public and shall not be filed with the division unless specifically requested.
- (6) Each bank shall advise each of its executive officers and each of its principal shareholders, to the extent known by the bank, of the reports required by this rule and make available to each of these persons a list of the names and addresses of the bank's correspondent banks.

(C)

- (1)
- (a) Upon receipt of a written request from the public, a bank shall make available the names of each of its executive officers and each of its principal shareholders to whom, or to whose related interests, any correspondent bank of the bank had outstanding, at any time during the previous calendar year, an extension of credit that, when aggregated with all other outstanding extensions of credit at the time from all correspondent banks of the bank to that person and to all related interests of such person, equaled or exceeded five per cent of the bank's capital or five hundred thousand dollars, whichever amount is less. No disclosure under this paragraph is required if the aggregate amount of all extensions of credit outstanding from all correspondent banks of the bank to the executive officer or principal shareholder of the bank and to all related interests of such a person does not exceed twenty-five thousand dollars at any time during the previous calendar year.
  - (b) A bank is not required to disclose the specific amounts of individual extensions of credit.
- (2) Each bank shall maintain records of all requests for the information described in

paragraph (C)(1) of this rule and the disposition of the requests. These records may be disposed of after two years from the date of the request.

Effective:

Five Year Review (FYR) Dates:

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Certification

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Date

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