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AN ACT

To amend Section 501 of Public Law No. 1-94, relating to licensing requirements for banks, and for other purposes.

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

1 Section 1. Section 501 of Public Law No. 1-94 is hereby amended to  
2 read as follows:

3 "Section 501. Annual licenses for banks.

4 (1) The Banking Board shall issue licenses to engage in  
5 banking.

6 (2) Initial licenses shall be issued to banks authorized  
7 to commence business pursuant to Section 303 or Section 304 of  
8 this act for the remainder of the calendar year. Every domestic  
9 or foreign bank at present operating a branch or office in the  
10 Federated States of Micronesia, or that may hereafter do so,  
11 shall obtain on or before the 31st day of December of each  
12 calendar year a renewal license for each office or branch to be  
13 operated in the Federated States of Micronesia during the  
14 succeeding calendar year. Initial and renewal licenses shall  
15 be issued upon payment of the corresponding fees, as follows:

16 (a) Banks with a paid-in capital, surplus and  
17 undivided profits aggregating \$1,000,000 shall pay the sum of  
18 \$500.

19 (b) Banks with a paid-in capital, surplus and  
20 undivided profits aggregating over \$1,000,000 shall pay the  
21 sum of \$1,000.

22 (3) The Banking Board shall grant a grace period not

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1 exceeding 30 days, during which an existing license may be  
2 continued in effect after the 31st day of December, to any  
3 domestic bank or foreign bank which shows good cause thereafter  
4 to the Banking Board, when the Banking Board considers such  
5 action to be in the public interest.

6 (4) The Banking Board, in determining whether to issue an  
7 annual license to engage in the business of banking, shall  
8 consider and determine whether the bank applying for the license  
9 has, in its lending and operating practices, served the needs of  
10 its community. In determining whether a bank has served the  
11 needs of its community, the Banking Board shall, in addition to  
12 other factors customarily examined, examine whether (i) such  
13 bank has used its best efforts to hire, train and promote  
14 citizens and residents of the Federated States of Micronesia for  
15 executive positions in the bank, (ii) the loans made by such bank  
16 in the Federated States of Micronesia, in view of demand for  
17 loans and number of prudent loan opportunities available, bear a  
18 reasonable relationship to such bank's deposits in the Federated  
19 States of Micronesia and (iii) such bank has abstained from any  
20 unfair discrimination among its customers and the people it  
21 serves. In making the foregoing determination, due consideration  
22 shall be given to the herein stated goals of the Federated States  
23 of Micronesia that (i) executive positions in all banks operating  
24 in the Federated States of Micronesia shall be occupied by  
25 citizens and residents of the Federated States of Micronesia,

1 (ii) at least 75% of the total amount of deposits taken by a bank  
2 in the Federated States of Micronesia should be loaned to  
3 citizens and residents of and business entities located in the  
4 Federated States of Micronesia and (iii) no bank should  
5 discriminate unfairly among its customers and the people it  
6 serves."

7 Section 2. This act shall become law upon approval by the President  
8 of the Federated States of Micronesia, or upon its becoming law without  
9 such approval.

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March 3, 1981

Tosiwo Nakayama  
Tosiwo Nakayama  
President  
Federated States of Micronesia