**IB50** **Branching Practices** [Section 11-105-601, C.R.S., et. seq.]

A. Notification of intent to establish a branch pursuant to Section 11-105-602(3), C.R.S.

1. Pursuant to Section 11-105-602(3), C.R.S., any bank or industrial bank, having its principal place of business in this state may, upon thirty (30) days' prior written notice to the Banking Board, establish one or more de novo branches anywhere in this state.
2. The notice of intent to establish a branch shall be filed on a form provided by the Division of Banking.

B. Change in Location of a Branch

1. The Banking Board may take into consideration the following factors in determining whether to approve or to deny an application for change in location of a branch:
   a. There are significant supervisory concerns with respect to the applicant or any affiliated institution; or,
   b. The applicant's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of an financial institution, is less than satisfactory; or,
   c. Any financial or other business arrangement, direct or indirect, involving the principal office or branch and insiders (directors, officers, employees, and shareholders owning or controlling, directly or indirectly, ten percent or more of the outstanding voting stock thereof) involves terms and conditions more favorable to the insiders than would be available in a comparable transaction with unrelated parties.
2. The location of a branch can be changed as follows:
   a. A financial institution, without Banking Board approval, may relocate a branch not in excess of one-half mile from its approved location provided written notice is submitted to the Bank Commissioner at least thirty (30) days prior to relocation. The notice must include the new address of the branch and the effective date of the relocation.
   b. A financial institution desiring to relocate a branch more than one-half mile from the approved location shall file an application with the Banking Board. Any such application shall be evaluated in the same manner as the original application to establish the de novo branch.
3. Application to change location of a branch shall be filed on a form approved by the Division of Banking.

C. Establishment of a Mobile Branch

1. Definitions
   For purposes of this Rule, the term mobile branch shall refer to a vehicle equipped and operated in such a manner as to permit employees or agents of the financial institution to conduct transactions pertaining to branching activities as defined pursuant to Section 11-101-401, C.R.S. A messenger service established by the financial institution pursuant to Banking Board Rule IB60(D) for the pickup and delivery of items pertaining to branching

activities is considered a mobile branch. The other provisions of this Rule, except for Paragraph (B), shall be applicable to mobile branches.

2. A financial institution authorized to operate a mobile branch shall comply with the following limitations:
   a. A financial institution may equip and utilize interchangeable vehicles in the operation of a single mobile branch, provided such vehicles are not operated simultaneously.
   b. A monthly log shall be maintained for each mobile branch operated. Such log shall identify the routes traveled and the locations of stops made during the month. This information shall be made available to Division of Banking staff in the same manner as required by Paragraph (F) of this Rule.
   c. Physical security devices reasonably designed to provide for the protection of assets and the physical safety of the mobile branch personnel and customers shall be developed and implemented.
   d. Surety bond coverage appropriate to the activities of the mobile branch shall be maintained.
   e. A mobile branch shall only be operated at locations within the service area approved by the Banking Board.
   f. A mobile branch shall not be operated in such a manner as to limit or exclude services to any class of customer within the approved service area.

D. Closing a Branch [Section 11-105-606, C.R.S.]

Any financial institution that seeks to close a branch previously in operation shall notify the Banking Board in writing of its intention and its reasons for such action, and shall include with such notice a copy of “The Notice of Branch Closing” required to be filed with the appropriate federal regulatory agency. Such notice shall be received by the Banking Board ninety (90) days prior to the proposed closing. Such branch may be closed, unless the Banking Board or Bank Commissioner, within fifteen (15) days of receipt of such notification, gives written notification of objections and the grounds therefore to the financial institution, or requests additional information. If the Banking Board or Bank Commissioner requests additional information, the above ninety (90) day period shall commence running upon receipt of such additional information.

E. Branch Hours of Operation

A financial institution shall notify the Bank Commissioner of the hours during which a branch will be open for business and any changes thereto on or before the effective date of the hours of operation.

F. Branch Records

Records of loans and deposits originating at a branch shall be made available to the Division of Banking staff at the principal office of the financial institution or such other central location as may be mutually agreed upon by the financial institution's management and the Bank Commissioner. A principal office is that office in this state that is designated as the principal office of the financial institution in its articles of incorporation and may also be known as a main office or a head office.

G. Notification of Conversion of an Affiliate or an Acquisition to a Branch

Notice of intent to convert an affiliate or an acquisition to a branch shall be filed on a form provided by the Division of Banking.

H. Meaning of Control and Controlling

For the purpose of Section 11-101-401, C.R.S., a financial institution shall be deemed to control an affiliate institution if the financial institution:

1. Directly or indirectly owns, controls, holds with power to vote, or holds proxies representing twenty-five percent or more of the outstanding voting stock thereof;
2. Controls in any manner the election of a majority of the directors thereof; or
3. Exercises a controlling influence over the management or policies thereof.

Amended Effective March 2, 2006.
Amendment clarifies Banking Board authority with respect to branching practices.
Amended Effective March 1, 2004
Statutory reference amendment to conform Rule to recodified statutes; update terminology to conform to recodified statutes; formatting changes to comply with Colorado Secretary of State guidelines.
Amended Effective November 30, 2000
Passage of HB00-1027 that repealed certain reporting requirements made certain Paragraphs of the Rule no longer applicable.
Amended Effective June 1, 1998
To comply with statutory requirement effective January 1, 1997; and to eliminate obsolete provisions and add current requirements to branching activities.
Amendment effect December 30, 1995
Paragraphs (D)(1) through (3) added, paragraph (E); Rule reformatted.