



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2346

Introduced 2/7/2025, by Sen. Christopher Belt

SYNOPSIS AS INTRODUCED:

205 ILCS 5/18	from Ch. 17, par. 325
205 ILCS 5/22	from Ch. 17, par. 329
205 ILCS 205/8004	from Ch. 17, par. 7308-4
205 ILCS 205/8010	from Ch. 17, par. 7308-10
205 ILCS 205/8015	from Ch. 17, par. 7308-15

Amends the Illinois Banking Act and the Savings Bank Act. Requires specified financial institutions to be insured by the Federal Deposit Insurance Corporation and agree to operate subject to 2 U.S.C. 2901 et seq. following a change in control, a purchase of substantially all assets, the assumption of substantially all liabilities of a State bank, or a merger.

LRB104 10308 BAB 20382 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Banking Act is amended by changing
5 Sections 18 and 22 as follows:

6 (205 ILCS 5/18) (from Ch. 17, par. 325)

7 Sec. 18. Change in control.

8 (a) Before any person, whether acting directly or
9 indirectly or through or in concert with one or more persons,
10 may cause (i) a change to occur in the ownership of outstanding
11 stock of any State bank, whether by sale and purchase, gift,
12 bequest or inheritance, or any other means, including the
13 acquisition of stock of the State bank by any bank holding
14 company, which will result in control or a change in the
15 control of the bank, or (ii) a change to occur in the control
16 of a holding company having control of the outstanding stock
17 of a State bank whether by sale and purchase, gift, bequest or
18 inheritance, or any other means, including the acquisition of
19 stock of such holding company by any other bank holding
20 company, which will result in control or a change in control of
21 the bank or holding company, or (iii) a transfer of
22 substantially all the assets or liabilities of the State bank,
23 the Secretary shall be of the opinion and find:

1 (1) that the general character of proposed management
2 or of the person desiring to purchase substantially all
3 the assets or to assume substantially all the liabilities
4 of the State bank, after the change in control, is such as
5 to assure reasonable promise of successful, safe and sound
6 operation;

7 (1.1) that depositors' interests will not be
8 jeopardized by the purchase or assumption and that
9 adequate provision has been made for all liabilities as
10 required for a voluntary liquidation under Section 68 of
11 this Act;

12 (2) that the future earnings prospects of the person
13 desiring to purchase substantially all assets or to assume
14 substantially all the liabilities of the State bank, after
15 the proposed change in control, are favorable;

16 (2.5) that the future prospects of the institution
17 will not jeopardize the financial stability of the bank or
18 prejudice the interests of the depositors of the bank;

19 (3) that any prior involvement by the persons
20 proposing to obtain control, to purchase substantially all
21 the assets, or to assume substantially all the liabilities
22 of the State bank or by the proposed management personnel
23 with any other financial institution, whether as
24 stockholder, director, officer or customer, was conducted
25 in a safe and sound manner; ~~and~~

26 (4) that if the acquisition is being made by a bank

1 holding company, the acquisition is authorized under the
2 Illinois Bank Holding Company Act of 1957; ~~and~~—

3 (5) that the resulting financial institution after a
4 change in control, a purchase of substantially all assets,
5 or the assumption of substantially all the liabilities of
6 a State bank is insured by the Federal Deposit Insurance
7 Corporation and agrees to be subject to 2 U.S.C. 2901 et
8 seq.

9 (b) Any person desiring to purchase control of an existing
10 State bank, to purchase substantially all the assets, or to
11 assume substantially all the liabilities of the State bank
12 shall, prior to that purchase, submit to the Secretary:

13 (1) a statement of financial worth;

14 (2) satisfactory evidence that any prior involvement
15 by the persons and the proposed management personnel with
16 any other financial institution, whether as stockholder,
17 director, officer or customer, was conducted in a safe and
18 sound manner; and

19 (3) such other relevant information as the Secretary
20 may request to substantiate the findings under subsection
21 (a) of this Section.

22 A person who has submitted information to the Secretary
23 pursuant to this subsection (b) is under a continuing
24 obligation until the Secretary takes action on the application
25 to immediately supplement that information if there are any
26 material changes in the information previously furnished or if

1 there are any material changes in any circumstances that may
2 affect the Secretary's opinion and findings. In addition, a
3 person submitting information under this subsection shall
4 notify the Secretary of the date when the change in control is
5 finally effected.

6 The Secretary may impose such terms and conditions on the
7 approval of the change in control application as he deems
8 necessary or appropriate.

9 If an applicant, whose application for a change in control
10 has been approved pursuant to subsection (a) of this Section,
11 fails to effect the change in control within 180 days after the
12 date of the Secretary's approval, the Secretary shall revoke
13 that approval unless a request has been submitted, in writing,
14 to the Secretary for an extension and the request has been
15 approved.

16 (b-1) Any person, whether acting directly or indirectly or
17 through or in concert with one or more persons, who obtains
18 ownership of stock of an existing State bank or stock of a
19 holding company that controls the State bank by gift, bequest,
20 or inheritance such that ownership of the stock would
21 constitute control of the State bank or holding company may
22 obtain title and ownership of the stock, but may not exercise
23 management or control of the business and affairs of the bank
24 or vote his or her shares so as to exercise management or
25 control unless and until the Secretary approves an application
26 for the change of control as provided in subsection (b) of this

1 Section.

2 (b-3) The provisions of this Section do not apply to an
3 established holding company acquiring control of a State bank
4 if the transaction is subject to approval under Section 3 of
5 the federal Bank Holding Company Act, the Federal Deposit
6 Insurance Act, or the federal Home Owners' Loan Act.

7 (c) Whenever a State bank makes a loan or loans, secured,
8 or to be secured, by 25% or more of the outstanding stock of a
9 State bank, the president or other chief executive officer of
10 the lending bank shall promptly report such fact to the
11 Secretary upon obtaining knowledge of such loan or loans,
12 except that no report need be made in those cases where the
13 borrower has been the owner of record of the stock for a period
14 of one year or more, or the stock is that of a newly organized
15 bank prior to its opening.

16 (d) The reports required by subsection (b) of this Section
17 18, other than those relating to a transfer of assets or
18 assumption of liabilities, shall contain the following
19 information to the extent that it is known by the person making
20 the report: (1) the number of shares involved; (2) the names of
21 the sellers (or transferors); (3) the names of the purchasers
22 (or transferees); (4) the names of the beneficial owners if
23 the shares are registered in another name: (5) the purchase
24 price, if applicable; (6) the total number of shares owned by
25 the sellers (or transferors), the purchasers (or transferees)
26 and the beneficial owners both immediately before and after

1 the transaction; and, (7) in the case of a loan, the name of
2 the borrower, the amount of the loan, the name of the bank
3 issuing the stock securing the loan and the number of shares
4 securing the loan. In addition to the foregoing, such reports
5 shall contain such other information which is requested by the
6 Secretary to inform the Secretary of the effect of the
7 transaction upon control of the bank whose stock is involved.

8 (d-1) The reports required by subsection (b) of this
9 Section 18 that relate to purchase of assets and assumption of
10 liabilities shall contain the following information to the
11 extent that it is known by the person making the report: (1)
12 the value, amount, and description of the assets transferred;
13 (2) the amount, type, and to whom each type of liabilities are
14 owed; (3) the names of the purchasers (or transferees); (4)
15 the names of the beneficial owners if the shares of a purchaser
16 or transferee are registered in another name; (5) the purchase
17 price, if applicable; and, (6) in the case of a loan obtained
18 to effect a purchase, the name of the borrower, the amount and
19 terms of the loan, and the description of the assets securing
20 the loan. In addition to the foregoing, these reports shall
21 contain any other information that is requested by the
22 Secretary to inform the Secretary of the effect of the
23 transaction upon the bank from which assets are purchased or
24 liabilities are transferred.

25 (e) Whenever such a change as described in subsection (a)
26 of this Section 18 occurs, each State bank shall report

1 promptly to the Secretary any changes or replacement of its
2 chief executive officer or of any director occurring in the
3 next 12 month period, including in its report a statement of
4 the past and current business and professional affiliations of
5 the new chief executive officer or directors.

6 (f) (Blank).

7 (g)(1) Except as otherwise expressly provided in this
8 subsection (g), the Secretary shall not approve an application
9 for a change in control if upon consummation of the change in
10 control the persons applying for the change in control,
11 including any affiliates of the persons applying, would
12 control 30% or more of the total amount of deposits which are
13 located in this State at insured depository institutions. For
14 purposes of this subsection (g), the words "insured depository
15 institution" shall mean State banks, national banks, and
16 insured savings associations. For purposes of this subsection
17 (g), the word "deposits" shall have the meaning ascribed to
18 that word in Section 3(1) of the Federal Deposit Insurance
19 Act. For purposes of this subsection (g), the total amount of
20 deposits which are considered to be located in this State at
21 insured depository institutions shall equal the sum of all
22 deposits held at the main banking premises and branches in the
23 State of Illinois of State banks, national banks, or insured
24 savings associations. For purposes of this subsection (g), the
25 word "affiliates" shall have the meaning ascribed to that word
26 in Section 35.2 of this Act.

1 (2) Notwithstanding the provisions of paragraph (1) of
2 this subsection, the Secretary may approve an application for
3 a change in control for a bank that is in default or in danger
4 of default. Except in those instances in which an application
5 for a change in control is for a bank that is in default or in
6 danger of default, the Secretary may not approve a change in
7 control which does not meet the requirements of paragraph (1)
8 of this subsection. The Secretary may not waive the provisions
9 of paragraph (1) of this subsection, whether pursuant to
10 Section 3(d) of the federal Bank Holding Company Act of 1956 or
11 Section 44(d) of the Federal Deposit Insurance Act, except as
12 expressly provided in this paragraph (2) of this subsection.

13 (h) As used in this Section:

14 "Control" means the power, directly or indirectly, to
15 direct the management or policies of the bank or to vote 25% or
16 more of the outstanding stock of the bank. If there is any
17 question as to whether a change in control application should
18 be filed, the question shall be resolved in favor of filing the
19 application with the Secretary.

20 "Substantially all" the assets or liabilities of a State
21 bank means that portion of the assets or liabilities of a State
22 bank such that their purchase or transfer will materially
23 impair the ability of the State bank to continue successful,
24 safe, and sound operations or to continue as a going concern or
25 would cause the bank to lose its federal deposit insurance.

26 "Purchase" includes a transfer by gift, bequest,

1 inheritance, or any other means.

2 As used in this Section, a person is acting in concert if
3 that person is acting in concert under federal laws or
4 regulations.

5 (Source: P.A. 100-888, eff. 8-14-18; 101-81, eff. 7-12-19.)

6 (205 ILCS 5/22) (from Ch. 17, par. 329)

7 Sec. 22. Merger procedure; resulting State bank. The
8 merger procedure required of a State bank where there is to be
9 a resulting State bank by consolidation or merger shall be:

10 (1) The board of directors of each merging bank or
11 insured savings association shall, by a majority of the
12 entire board, approve a merger agreement that shall
13 contain:

14 (a) The name of each merging bank or insured
15 savings association and its location and a list of
16 each merging bank's or insured savings association's
17 stockholders as of the date of the merger agreement;

18 (b) With respect to the resulting bank (i) its
19 name and place of business; (ii) the amount of Tier 1
20 capital; (iii) the classes and the number of shares of
21 stock and the par value of each share; (iv) the
22 designation of the continuing bank and the charter
23 which is to be the charter of the resulting bank,
24 together with the amendments to the continuing charter
25 and to the continuing by-laws; and (v) a detailed

1 financial statement showing the assets and liabilities
2 after the proposed merger or consolidation;

3 (c) Provisions stating the method, terms and
4 conditions of carrying the merger into effect,
5 including the manner of converting the shares of the
6 merging banks or insured savings association into the
7 cash, shares of stock or other securities of any
8 corporation or other property, or any combination of
9 the foregoing, stated in the merger agreement as to be
10 received by the stockholders of each merging bank or
11 insured savings association;

12 (d) A statement that the agreement is subject to
13 approval by the Commissioner and by the stockholders
14 of each merging bank or insured savings association
15 and that whether approved or disapproved the merging
16 banks or insured savings association will pay the
17 Commissioner's expenses of examination;

18 (e) Provisions governing the manner of disposing
19 of the shares of the resulting bank not taken by the
20 dissenting stockholders of the merging banks or
21 insured savings association; and

22 (f) Such other provisions as the Commissioner may
23 reasonably require to enable him to discharge his
24 duties with respect to the merger.

25 (2) After approval by the board of directors of each
26 bank or insured savings association, the merger agreement

1 shall be submitted to the Commissioner for approval,
2 together with certified copies of the authorizing
3 resolutions of each board of directors showing approval by
4 a majority of the entire board of each bank or insured
5 savings association.

6 (3) After receipt by the Commissioner of the papers
7 specified in paragraph (2), he shall approve or disapprove
8 the merger agreement. The Commissioner shall not approve
9 the merger agreement unless he shall be of the opinion and
10 shall find that:

11 (a) ~~That~~ the resulting bank meets the requirements
12 of this Act for the formation of a new bank at the
13 proposed main banking premises of the resulting bank;

14 (b) ~~That~~ the same matters exist with respect to
15 the resulting bank which would have been required
16 under Section 10 of this Act for the organization of a
17 new bank;

18 (c) ~~That~~ the merger agreement is fair to all
19 persons affected; ~~and~~

20 (d) ~~That~~ the resulting bank will be operated in a
21 safe and sound manner; and-

22 (e) the resulting bank is insured by the Federal
23 Deposit Insurance Corporation and agrees to operate
24 subject to 2 U.S.C. 2901 et seq.

25 If the Commissioner disapproves an agreement he shall
26 state his objections and give an opportunity to the

1 merging banks to amend the merger agreement to obviate
2 such objections.

3 (4) The Commissioner may impose such terms and
4 conditions on the approval of the merger agreement as he
5 deems necessary or appropriate.

6 (5) If the Commissioner approves a merger agreement,
7 he may revoke that approval if the merger has not been
8 approved by the shareholders in accordance with Section 23
9 within 180 days after the date of the Commissioner's
10 approval, unless a request has been submitted, in writing,
11 to the Commissioner for an extension and the request has
12 been approved.

13 (6) The board of directors of a bank or insured
14 savings association is under a continuing obligation until
15 the Commissioner takes action on the application to
16 furnish additional information if there are any material
17 changes in circumstances after the merger agreement has
18 been submitted which may affect the Commissioner's
19 opinions and findings.

20 (Source: P.A. 92-483, eff. 8-23-01.)

21 Section 10. The Savings Bank Act is amended by changing
22 Sections 8004, 8010, and 8015 as follows:

23 (205 ILCS 205/8004) (from Ch. 17, par. 7308-4)

24 Sec. 8004. Merger; adoption of plan.

1 (a) Any depository institution may merge into a savings
2 bank operating under this Act, and a savings bank operating
3 under this Act may merge into a depository institution. The
4 board of directors of each merging depository institution, by
5 resolution adopted by a majority vote of all members of the
6 board, must approve the plan of merger.

7 (b) The plan of merger must include the following:

8 (1) The name of each of the merging depository
9 institutions, the name of the continuing savings bank or
10 resulting depository institution, the location of the
11 business office, and the location of the branch offices.

12 (2) With respect to the resulting savings bank or
13 resulting depository institution, the amount of capital,
14 surplus, and reserve for operating expenses; the classes
15 and the number of shares of stock and the par value of each
16 share; the charter and bylaws of the resulting depository
17 institution or savings bank; and a detailed financial
18 Statement showing the assets and liabilities after the
19 proposed merger.

20 (3) Provisions stating the method, terms, and
21 conditions of carrying the merger into effect, including
22 the manner of converting the shares of the merging
23 depository institutions into the cash, shares of stock, or
24 other securities or properties Stated in the merger
25 agreement to be received by the stockholders of each
26 merging depository institution.

1 (4) Provisions governing the manner of disposing of
2 any shares of stock of the resulting savings bank or
3 resulting depository institution that are not taken by the
4 dissenting stockholders of each merging depository
5 institution.

6 (5) Other provisions that appear necessary or
7 desirable or that the Secretary may reasonably require to
8 enable him to discharge his duties with respect to the
9 merger.

10 (c) After approval by the board of directors of each
11 depository institution, the merger agreement shall be
12 submitted to the Secretary for approval, together with the
13 certified copies of the authorizing resolutions of each board
14 of directors showing approval by a majority of the entire
15 board of each merging depository institution. After receipt of
16 the items specified herein, the Secretary may make or cause to
17 be made an examination of the affairs of each of the merging
18 depository institutions and their affiliates and subsidiaries,
19 the expense of which is to be paid by the merging depository
20 institutions.

21 (d) The Secretary may then approve or disapprove the
22 proposed merger agreement. The Secretary shall not approve a
23 merger agreement unless he finds that:

24 (1) The resulting savings bank meets the requirements
25 of this Act for the formation of a new savings bank at the
26 proposed main office of the resulting savings bank.

1 (2) The same conditions exist with respect to the
2 resulting savings bank that would be required under this
3 Act for the organization of a new savings bank.

4 (3) The merger agreement is fair to all persons
5 affected.

6 (4) The resulting savings bank will be operated in a
7 safe and sound manner.

8 (5) The resulting savings bank is insured by the
9 Federal Deposit Insurance Corporation and agrees to
10 operate subject to 2 U.S.C. 2901 et seq.

11 (e) If the Secretary disapproves of the proposed merger,
12 he shall State his objections in writing and give the merging
13 depository institutions a Stated period of time in which to
14 amend the plan of merger to address the objections.

15 (Source: P.A. 97-492, eff. 1-1-12.)

16 (205 ILCS 205/8010) (from Ch. 17, par. 7308-10)

17 Sec. 8010. Procedure to effect sale of all assets.

18 (a) The procedure to effect a sale authorized by Section
19 8009 of this Act shall be as follows:

20 (1) The board of directors shall adopt a resolution
21 setting forth the terms of the proposed sale and shall
22 submit the plan to the Secretary for his preliminary
23 approval. Upon receipt of approval by the Secretary, the
24 plan shall be submitted to a vote of the members at a
25 special or annual meeting.

1 (2) The terms shall be set forth in the notice of the
2 meeting as prescribed in subsection (b) of Section 4003 of
3 this Act.

4 (3) The proposed sale will be approved by the members
5 or stockholders upon receiving in the affirmative
6 two-thirds or more of the total number of votes that all
7 members or stockholders of the savings bank are entitled
8 to cast. A proposal for the voluntary liquidation of the
9 savings bank may be submitted to the members or
10 stockholders at the same meeting or at any later meeting
11 called for that purpose in accordance with Article 4 of
12 this Act. A report of proceedings, certified by the
13 president or vice president and attested by the secretary
14 of the savings bank, setting forth the terms of the
15 proposed sale, the notice given and the time of its
16 mailing, the vote on the proposal, and the total number of
17 votes that all members or stockholders of the savings bank
18 are entitled to cast, shall be filed with the Secretary.

19 (b) If the Secretary finds that the proposed sale is fair
20 to all holders of capital, creditors, and other persons
21 concerned and provision has been made for the disposition of
22 the remaining assets, if any, of the savings bank, as provided
23 in this Act for voluntary liquidation, he shall issue to the
24 savings bank a certificate of authorization for the sale with
25 a copy of the filed report of proceedings attached to the
26 certificate.

1 (b-5) A proposed sale shall not be approved by the
2 Secretary unless the resulting savings bank is insured by the
3 Federal Deposit Insurance Corporation and agrees to operate
4 subject to 2 U.S.C. 2901 et seq.

5 (c) When the Secretary's certificate is issued, the
6 savings bank may complete the sale so authorized; except that
7 the savings bank must also have the approval of the Federal
8 Deposit Insurance Corporation.

9 (d) If the sale includes the name of the savings bank, the
10 purchaser shall have the exclusive right to that name for a
11 period of 5 years.

12 (Source: P.A. 97-492, eff. 1-1-12.)

13 (205 ILCS 205/8015) (from Ch. 17, par. 7308-15)

14 Sec. 8015. Change in control.

15 (a) No person, whether acting directly or indirectly or
16 through or in concert with one or more persons, may acquire
17 control of a savings bank operating under this Act without
18 prior approval of the Secretary. The provisions of this
19 Section do not apply to an established holding company
20 acquiring control of a State savings bank if the transaction
21 is subject to approval under the Federal Deposit Insurance
22 Act, the federal Home Owners' Loan Act, or Section 3 of the
23 federal Bank Holding Company Act.

24 (b) Any person seeking to acquire control of a savings
25 bank or subsidiary of a savings bank operating under this Act

1 shall submit an application in the form required by the
2 Secretary.

3 (c) The Secretary may examine the books and records of the
4 applicant and related persons, investigate any matter relevant
5 to the application, and require the applicant to submit
6 additional information and documents.

7 (d) The Secretary shall not approve an acquisition of
8 control unless the application and related examination and
9 investigation permit the Secretary to find positively on all
10 of the following matters:

11 (1) The applicant has filed a complete application,
12 has cooperated with all examinations and investigations of
13 the Secretary, and has submitted all information and
14 documents requested by the Secretary.

15 (2) The applicant and proposed management have the
16 necessary competence, experience, integrity, and financial
17 ability.

18 (3) The business plans of the applicant are consistent
19 with the safe and sound operation of the savings bank and
20 the purposes of this Act.

21 (4) The acquisition of control would not be
22 inequitable to members, borrowers or creditors of the
23 savings bank.

24 (5) The applicant and proposed management have
25 complied with subsection (f) of this Section.

26 (6) The future prospects of the institution will not

1 jeopardize the financial stability of the savings bank or
2 prejudice the interests of the members of the savings
3 bank.

4 (7) The savings bank is or will be insured by the
5 Federal Deposit Insurance Corporation and agrees to
6 operate subject to 2 U.S.C. 2901 et seq.

7 (e) Shares of stock or mutual members shares acquired in
8 violation of subsection (a) of this Section shall not be voted
9 and shall not be counted in calculating the total number of
10 shares eligible to vote. In addition to any other action
11 authorized under this Act, the Secretary may require
12 divestment of shares of stock acquired in violation of this
13 Section and may require retirement of the withdrawal value of
14 accounts providing mutual member voting shares acquired in
15 violation of this Section, in which case the savings bank
16 shall pay accrued interest on the retired withdrawal value and
17 shall not assess any penalty for early withdrawal.

18 (f) An individual, whether acting directly or indirectly
19 or through or in concert with one or more persons, shall file
20 written notice to the Secretary within 10 days of the
21 occurrence of either of the following events:

22 (1) becoming, directly or indirectly, the beneficial
23 owner of more than five percent of the voting shares of a
24 savings bank or savings bank holding company; or

25 (2) obtaining, directly or indirectly, the power to
26 cast more than five percent of the member votes of a

1 savings bank or savings bank holding company.

2 The requirements of this subsection (f) are separate and
3 in addition to the requirements of subsection (a) of this
4 Section.

5 (g) The Secretary may promulgate rules to implement this
6 provision, including definitions, form and content of
7 application or notice, procedures, exemptions, and
8 requirements for approval.

9 (h) As used in this Section, a person is acting in concert
10 if that person is acting in concert under federal laws or
11 regulations.

12 (Source: P.A. 100-888, eff. 8-14-18.)