

Effective 5/13/2014

7-1-616 Authority to accept transaction accounts -- Payment of instruments.

- (1) A financial institution may accept or advertise that it accepts transaction accounts only if authorized to do so under federal or state law. An institution may submit a written request for this authority to the commissioner, except that an institution authorized to accept transaction accounts as of June 1, 1994, does not, in the first instance, need to request or be granted any additional authority. The commissioner shall grant the authority if the commissioner finds that:
 - (a) the institution has adequate capital and reserves in relation to the character and condition of its assets and its deposit and other liabilities;
 - (b) the deposits and other accounts held by the institution are insured or guaranteed by an agency of the federal government; and
 - (c) the management of the institution is qualified to handle transaction accounts.
- (2) The commissioner may revoke, limit, or condition an institution's authority to accept and handle transaction accounts upon a finding that:
 - (a) the institution no longer meets the criteria set forth in Subsection (1); or
 - (b) it would be contrary to the public interest and the soundness of the financial system of this state to allow the institution to continue to accept or handle transaction accounts without limitation or condition.
- (3) One or more depository institutions may, by written agreement, vary the terms of Title 70A, Chapter 3, Uniform Commercial Code - Negotiable Instruments, and Chapter 4, Uniform Commercial Code - Bank Deposits and Collections, for the purposes of facilitating the transfer, exchange, and prompt payment of instruments drawn on transaction accounts.

Amended by Chapter 189, 2014 General Session