The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

## DIGEST 2018 Regular Session

Martiny

Proposed law provides for the regulation and examination of service providers.

## Proposed law defines:

SB 334 Original

- (1) "Affiliate" to mean any person that controls, is controlled by, or under common control with another person.
- (2) "Control" to mean the power or authority, whether exercised directly or indirectly, to direct or cause the direction of management or policies of another person by contract or otherwise.
- (3) "Person" to mean any natural or juridical person.
- (4) "Service provider" to mean any person that provides certain services.

<u>Proposed law</u> provides that a service provider who agrees to perform certain services for a state-chartered financial institution, or any affiliate of the state-chartered financial institution, that is subject to examination by the commissioner shall be subject to the regulation and examination by the commissioner to the same extent as if the services were being performed by the financial institution itself.

Proposed law provides that a covered service shall include:

- (1) Data processing services.
- (2) Activities that support financial services.
- (3) Internet-related services.
- (4) Activities related to the business of banking.

<u>Proposed law</u> authorizes the commissioner to accept an examination performed by one or more other state or federal agencies in lieu of an examination authorized or required by law.

Proposed law provides for confidentiality of service provider examination records and reports.

<u>Proposed law</u> provides that there shall be no liability on the part of, and no cause of action against, the office of financial institutions or its agents or employees for the following:

- (1) Any good faith release or disclosure of information.
- (2) Statements made in good faith in any administrative hearings.
- (3) Statements made in good faith in any report or communication concerning safety, soundness, or other regulatory issues.
- (4) The supervision and regulation of all entities under the jurisdiction of the office of financial institutions.

<u>Proposed law</u> allows that the commissioner may enter into agreements with any financial institution regulatory agency that has concurrent jurisdiction over a service provider to do either of the following:

- (1) Engage the services of the agency's examiners at a reasonable rate of compensation.
- (2) Provide the services of state examiners to the other agency at a reasonable rate of compensation.

<u>Proposed law</u> provides that the commissioner may take actions against a service provider who violates proposed law, any rule, or any order issued by the commissioner.

<u>Proposed law</u> authorizes the commissioner to subpoena any person for the purpose of discovering a violation.

<u>Proposed law</u> provides that the commissioner may enter into joint examinations, joint enforcement action, or consent agreements with other financial institution regulatory agencies having concurrent jurisdiction over a service provider.

Proposed law authorizes the commissioner to adopt rules to implement proposed law.

Effective August 1, 2018.

(Adds R.S. 6:550-550.6)