

1997

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN
CAPITAL TERRITORY

Bank Mergers Bill 1997

EXPLANATORY MEMORANDUM

Circulated by the authority of
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Treasurer

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OUTLINE

The Bill will facilitate the transfer processes when two or more banks merge once approval for the merger has been granted by the Reserve Bank and the Australian Competition and Consumer Commission.

Mergers involve the processes of transferring property, rights, assets or liabilities held within the ACT from one or more banking institutions to the newly created merged institution.

The Bill provides for the application of regulations to be made when the conduct of banking business related to the merging banks occurs within the ACT. The regulations will cover the various transfer processes.

The Executive is given authority to make the regulations under the legislation for the purposes of the legislation.

Revenue Cost Implications

The Bill will not impact on the 1997/98 Budget.

DETAILS OF THE BILL

Formal provisions Sections 1 and 2 provide for formal provisions for the short title and commencement. Section 3 sets out the object of the legislation.

The meaning of Merger Section 4 defines the meaning of the term “merger” in relation to the Act. It refers to any transaction in which one bank acquires another bank.

Regulations for the merger Section 5 provides for the application of regulations to be made to deal with aspects of the merger process. The regulations are the means to facilitate the merger process. The regulations can be made for or with respect to -

- (a) the transfer of the whole or a part of the undertaking of a bank to another bank and the vesting of the whole or that part undertaking in the other bank;
- (b) the succession of a bank as the successor in law of another bank and the effect of that succession, including the vesting of assets or liabilities;
- (c) the obligations of the merging banks in relation to the merger and related transactions;
- (d) the effect of the merger on all existing contracts, rights and obligations, liabilities, current or pending legal proceedings,

Making the Regulations Section 6 of the legislation provides that the Executive may make regulations for the purposes of the Act.

Extraterritorial operation Section 7 of the Act allows regulations to be made for land, property situated outside the ACT and for transactions and acts made outside the ACT but only in so far as the legislative power of the Legislative Assembly permits and is consistent with the object of this Act.

Review of the Act Section 8 enables the Minister to review the Act to determine whether its object remains valid and whether its provisions are appropriate to meeting the object of the Act.