



Ohio Revised Code

Section 1109.17 Accepting drafts or bills of exchange.

Effective: January 1, 1997

Legislation: House Bill 538 - 121st General Assembly

(A)(1) A bank may accept drafts or bills of exchange drawn on it and may purchase acceptances of drafts or bills of exchange issued by other banks and participations in acceptances of drafts or bills of exchange issued by other banks, subject to the following limitations:

(a) For acceptances of drafts or bills of exchange described in division (B)(1) of this section, the limitations in division (B)(2) of this section apply.

(b) For acceptances of drafts or bills of exchange satisfying the requirements of division (C)(1) of this section, the limitations in division (C)(2) apply.

(c) For all other acceptances of drafts or bills of exchange, the limitations on loans and extensions of credit to a person in section 1109.22 of the Revised Code apply to both of the following:

(i) A bank's total outstanding obligations for any one person on acceptances of drafts or bills of exchange that the bank has issued and on acceptances of drafts or bills of exchange and participations in acceptances of drafts or bills of exchange issued by other banks and that the bank has purchased;

(ii) A bank's total outstanding obligations on acceptances of drafts or bills of exchange issued by any one other bank.

(2) For purposes of applying the limitations imposed by division (A)(1) of this section, a bank's obligation on an acceptance of a draft or bill of exchange does not include the portion of an acceptance of a draft or bill of exchange issued by the bank that is covered by a participation agreement sold to another.

(B)(1) Subject to the limitations in division (B)(2) of this section, a bank may accept drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace,



that are any of the following:

(a) From transactions involving the importation or exportation of goods;

(b) From transactions involving the domestic shipment of goods;

(c) Secured at the time of acceptance by a warehouse receipt or other documentation conveying or securing title covering readily marketable staples.

(2)(a) Except as provided in division (B)(2)(b) of this section, no bank shall accept drafts or bills of exchange, or be obligated for a participation share for drafts or bills of exchange under division (B)(1) of this section, in an amount equal at any time in the aggregate to more than one hundred fifty per cent of the bank's capital.

(b) The superintendent of financial institutions, under conditions the superintendent may prescribe, may authorize a bank to accept or be obligated for a participation share in drafts or bills of exchange under division (B)(1) of this section, in an amount not exceeding at any time in the aggregate two hundred per cent of the bank's capital.

(3) Notwithstanding division (B)(2) of this section, a bank's aggregate acceptances of drafts or bills of exchange, including obligations for a participation share in drafts or bills of exchange, under division (B)(1) of this section, that arise from domestic transactions shall not exceed fifty per cent of the aggregate of all acceptances of drafts or bills of exchange, including obligations for a participation share in drafts or bills of exchange, the bank is permitted under division (B) of this section.

(4) No bank shall accept drafts or bills of exchange or be obligated for a participation share in drafts or bills of exchange under division (B)(1) of this section, whether from a foreign or domestic transaction, for any one person, partnership, corporation, association, or other entity in an amount equal at any time in the aggregate to more than ten per cent of the bank's capital, unless the bank is secured either by attached documents or by some other actual security arising from the same transaction as the acceptance.



(C)(1) Subject to the limitations set forth in division (C)(2) of this section, a bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, and drawn under conditions the superintendent may prescribe, by banks or bankers in foreign countries or dependencies or insular possessions of the United States, for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

(2)(a) No bank shall accept drafts or bills of exchange under division (C)(1) of this section for any one bank in an aggregate amount exceeding ten per cent of the accepting bank's capital, unless the draft or bill of exchange is accompanied by documents conveying or securing title or other adequate security.

(b) No bank shall accept drafts or bills of exchange under division (C)(1) of this section in an aggregate amount exceeding fifty per cent of the accepting bank's capital.