

MAINE STATE LEGISLATURE

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(New Draft of H.P. 259, L.D. 319)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 838

H.P. 682

House of Representatives, February 24, 1983

Reported by Representative Murray from the Committee on Business
Legislation and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-THREE

AN ACT Relating to Ownership of Stock in
Maine Financial Institutions.

Be it enacted by the People of the State of Maine as
follows:

Sec. 1. 9-B MRSA §417 is enacted to read:

§417. Stock in Maine financial institutions

A financial institution authorized to do business
in this State may acquire control of any other finan-
cial institution authorized to do business in this
State or of a Maine financial institution holding
company with the prior approval of the superinten-
dent. A financial institution authorized to do busi-
ness in this State may acquire more than 5% of the
voting shares of any other financial institution
authorized to do business in this State or of a Maine

1 financial institution holding company with the prior
2 approval of the superintendent.

3 Sec. 2. 9-B MRSA §463, as amended by PL 1979, c.
4 663, §42, is repealed.

5 Sec. 3. 9-B MRSA §1013, sub-§1, as enacted by PL
6 1979, c. 349, is amended to read:

7 1. Superintendent's approval. No company shall
8 may acquire control of a Maine financial institution,
9 and no Maine financial institution holding company
10 shall may acquire more than 5% of the voting shares
11 of any other Maine financial institution or of a
12 financial institution authorized to do business out-
13 side of the State of Maine, without the prior
14 approval of the superintendent.

15 A financial institution holding company which con-
16 trols a commercial bank and any subsidiary of such a
17 holding company shall not acquire or hold more than
18 5% of the stock of a stock savings bank or stock
19 savings and loan association or gain control directly
20 or indirectly of that institution. A financial insti-
21 tution holding company which controls a stock savings
22 bank or stock savings and loan association and any
23 subsidiary of such a holding company shall not ac-
24 quire or hold more than 5% of the stock of a commer-
25 cial bank or gain control directly or indirectly of
26 that institution.

27 STATEMENT OF FACT

28 Under existing law, a Maine financial institution
29 may not acquire greater than 5% of the voting shares
30 of another financial institution. This new draft
31 authorizes the acquisition of controlling shares sub-
32 ject to the prior approval of the Superintendent of
33 Banking. The banking industry is presently
34 experiencing numerous mergers, acquisitions and con-
35 solidations which are designed to strengthen the
36 resulting institution through economies of scale and
37 broadened markets. This bill removes one limitation
38 to these transactions by allowing the acquisition of
39 shares while still requiring regulatory approval.

1 This new draft removes the similar restriction
2 applicable to financial institution holding compa-
3 nies. In addition, the provision of the original
4 bill relating to financial institutions is removed
5 from the chapter concerning prohibitions and allo-
6 cated to the chapter dealing with general powers of
7 financial institutions.

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