

MAINE STATE LEGISLATURE

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1 (After Deadline)
2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 1929

7
8 H.P. 1365

House of Representatives, January 21, 1986

9 Approved for introduction by a majority of the Legislative Council
10 pursuant to Joint Rule 27.

Reference to the Committee on Business and Commerce suggested and
ordered printed.

11 EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.
12

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-SIX
17

18 AN ACT to Clarify Certain Provisions of a
19 Publicly-held Financial Institution.
20

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

23 Sec 1. 9-B MRSA §316, sub-§1, ¶F, as enacted by
24 PL 1975, c. 500, §1, is amended to read:

25 E. The stockholders, at any annual meeting, may
26 elect from the full board of directors an execu-
27 tive committee of not less than 5 members, 2/3 of
28 whom shall be residents of this State and may
29 delegate to such the committee the powers of the
30 directors in regard to the ordinary operations of
31 the business of the institution.

32 Sec 2. 9-B MRSA §316, sub-§2, ¶C, as enacted by
33 PL 1975, c. 500, §1, is amended to read:

1 C. The powers of the board may be exercised by
2 the executive committee established pursuant to
3 subsection 1, paragraph F, at all times when the
4 board of directors is not in session, subject al-
5 ways to any specific vote of the board. The exec-
6 utive committee shall keep full minutes of all
7 business transacted by them and shall make such
8 reports of their transactions at each ~~monthly~~
9 meeting of the board as the board or the superin-
10 tendent may require.

11 Sec 3. 9-B MRSA §1013, sub-§1, as amended by PL
12 1983, c. 55, §3, is repealed and the following en-
13 acted in its place:

14 1. Superintendent's approval. The prior approv-
15 al of the superintendent is required for any of the
16 following transactions:

17 A. Acquisition of control of a Maine financial
18 institution or Maine financial institution hold-
19 ing company by any person or company;

20 B. Acquisition of more than 5% of the voting
21 shares of a Maine financial institution holding
22 company by any person or company; or

23 C. Acquisition of more than 5% of the voting
24 shares of a financial institution, the operations
25 of which are principally conducted outside this
26 State, by a Maine financial institution or a
27 Maine financial institution holding company.

28 STATEMENT OF FACT

29 While most business corporations, including fi-
30 nancial institutions, may establish an executive com-
31 mittee by vote of the board, the banking code re-
32 quires such a committee to be elected by the share-
33 holders of a stock financial institution at an annual
34 meeting. Sections 1 and 2 would abandon the require-
35 ment that the action be taken at an annual meeting,
36 while retaining the provision for shareholders elec-
37 tion.

1 Section 3 amends the law on acquisition of inter-
2 ests in financial institutions to better account for
3 the emergence of holding companies, by requiring pri-
4 or approval of the superintendent to certain holding
5 company transactions, as well as to transactions in-
6 volving financial institutions directly. Currently,
7 a Maine financial institution or holding company
8 needs prior approval of the superintendent to acquire
9 either control or over 5% of the voting shares of a
10 Maine financial institution or a financial institu-
11 tion within or outside of Maine. Any other company,
12 whether from Maine or elsewhere, needs prior approval
13 only to obtain "control," usually, 25% of the shares,
14 of a Maine financial institution. For non-Maine fi-
15 nancial institution holding companies, this latter
16 rule applies also to acquisition of control of Maine
17 holding companies. Finally, the current banking code
18 provisions place no restrictions on acquisitions by
19 an individual.

20 This bill extends the same control over acquisi-
21 tions by other parties as is already held by the su-
22 perintendent over acquisitions by Maine financial in-
23 stitutions and holding companies.

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