

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 278

S.P. 105

In Senate, February 9, 1987

Reference to the Committee on Banking and Insurance suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate  
Presented by Senator CLARK of Cumberland.

Cosponsored by Senator DOW of Kennebec, Representative RYDELL of Brunswick, Representative BOTT of Orono.

STATE OF MAINE

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

1 AN ACT to Amend the Bank Holding Company Law.  
2

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

5 Sec. 1. 9-B MRSA §1013, sub-§2, as amended by PL  
6 1983, c. 597, §2, is further amended to read:

7 2. Acquisition by out-of-state company. A  
8 non-Maine financial institution holding company or a  
9 company which will become a financial institution  
10 holding company as a result of that acquisition or  
11 establishment may establish or acquire control of one  
12 or more Maine financial institutions or Maine finan-  
13 cial institution holding companies with the prior ap-  
14 proval of the superintendent.

1 Notwithstanding this subsection, no financial insti-  
2 tution holding company may be required to obtain the  
3 approval of the superintendent for the acquisition of  
4 additional shares in a financial institution which  
5 that financial institution holding company owned or  
6 controlled by a majority of the voting shares prior  
7 to the acquisition of additional shares.

8           Sec. 2. 9-B MRSA §1014, sub-§1, as enacted by PL  
9 1975, c. 500, §1, is amended to read:

10           1. Permissible activities. A Maine financial in-  
11 stitution holding company shall not engage in any ac-  
12 tivity other than managing or controlling financial  
13 institutions, except such activities as are deemed  
14 permissible by the superintendent. The superintendent  
15 shall promulgate regulations rules specifying  
16 which other activities that are permissible under ei-  
17 ther the Bank Holding Company Act of 1956 or section  
18 408 of the National Housing Act shall be permissible  
19 for Maine financial institution holding companies  
20 what activities are permissible. In no event may  
21 these permissible activities be more restrictive than  
22 those that are permitted under the United States Bank  
23 Holding Company Act of 1956, Public Law 511 or the  
24 United States National Housing Act, Public Number  
25 479, section 408. Such regulations Those rules may  
26 establish different permissible activities dependent  
27 upon the type of financial institutions controlled by  
28 a Maine financial institution holding company. The  
29 superintendent shall establish procedures for appli-  
30 cations by individual companies for approval to en-  
31 gage in such those activities in Maine this State.

32           Sec. 3. 9-B MRSA §1015, sub-§2, as amended by PL  
33 1983, c. 302, §5, is further amended to read:

34           2. Criteria for approval. Applications for ap-  
35 provals required in subsection 1 shall be filed pur-  
36 suant to procedures established by the superintend-  
37 ent. Action on such those applications shall be  
38 taken in accordance with the requirements of section  
39 252 and shall be subject to the standards set forth  
40 in section 253. An application filed by a non-Maine  
41 financial institution holding company for the acqui-  
42 sition or establishment of a Maine financial institu-  
43 tion or Maine financial institution holding company

1 is subject to the additional requirement that the su-  
2 perintendent find that the proposal would bring net  
3 new funds into the State. An application by a Maine  
4 financial institution holding company to acquire or  
5 establish an out-of-state financial institution or  
6 financial institution holding company is subject to  
7 the additional requirement that the superintendent  
8 find that deposits of citizens of this State and  
9 businesses, held in the holding company's Maine sub-  
10 siidiaries, will continue to be invested in state  
11 loans and investments in a manner consistent with the  
12 company's historical performance and current economic  
13 conditions. Such a transaction is subject to the re-  
14 quirements of section 1013, subsection 3, paragraph  
15 A, and the superintendent may require the application  
16 to contain some or all of the information required in  
17 section 1013, subsection 4.

18 Sec. 4. 9-B MRSA §1020-A is enacted to read:

19 §1020-A. Notification of superintendent

20 A Maine financial institution holding company  
21 shall notify the superintendent 30 days before issu-  
22 ing preferred stock or debt instruments with an orig-  
23 inal maturity of 3 years or greater. A copy of any  
24 securities and exchange commission filings, private  
25 placement memorandums or other documents describing  
26 the proposed issue to potential investors shall be  
27 provided with that notification.

28 STATEMENT OF FACT

29 Section 1 of the bill insures that a company,  
30 which is not a financial institution holding company  
31 at the time of application to acquire or establish a  
32 financial institution or financial institution hold-  
33 ing company, will be subject to the provisions of the  
34 interstate banking law. This situation can occur if  
35 a nonbank company wishes to establish a limited ser-  
36 vice bank in the State.

37 Section 2 of the bill allows the superintendent  
38 to determine what constitutes banking related activi-  
39 ties and those activities a financial institution

1 holding may conduct, instead of relying upon the Fed-  
2 eral Reserve Board and the Federal Home Loan Bank  
3 Board to decide for the State.

4 Section 3 applies to certain parts of the "net  
5 new funds" provisions to Maine financial institution  
6 holding companies which may seek to acquire or estab-  
7 lish banks or holding companies in other states.  
8 Since Maine subsidiaries of out-of-state holding com-  
9 panies are required to enter into a supervisory  
10 agreement with the superintendent and prepare reports  
11 to demonstrate that the institution continues to pro-  
12 vide an adequate level of service to the citizens of  
13 the State, it is only equitable that Maine financial  
14 institutions and holding companies do the same.

15 Section 4 requires that the holding company noti-  
16 fy the superintendent of any preferred stock or in-  
17 termediate to long-term debt issuances. This ensures  
18 that the Bureau of Banking will be aware of these  
19 significant events on a timely basis.

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