

(New Draft of S.P. 105 L.D. 278) FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 1208

S.P. 388

In Senate, April 10, 1987

Reported by Senator Bustin of Kennebec for the Committee on Banking and Insurance and printed under Joint Rule 2. Original Bill sponsored by Senator Clark of Cumberland. Cosponsored by: Senator Dow of Kennebec, Representative Rydell of Brunswick, Representative Bott of Orono.

JOY J. O'BRIEN, Secretary of the Senate

STATE OF MAINE

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

1 2	AN ACT to Amend the Bank Holding Company Law.
3 4	Be it enacted by the People of the State of Maine as 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.

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

1. <u>Permissible activities</u>. A Maine financial in-stitution holding company shall not engage in any ac-3 4 5 tivity other than managing or controlling financial 6 institutions, except such activities as are deemed 7 permissible by the superintendent. The superintend-8 ent shall promutgate-regulations adopt rules specify-9 ing which other-activities-that-are-permissible-under 10 either--the--Bank-Holding-Company-Act-of-1956-or-section-408-of-the-National-Housing-Act-shall-be-permis-11 12 sible--for--Maine---financial---institution---holding 13 companies activities are permissible. Except to the 14 extent that certain activities are prohibited or limited by state law, these rules shall authorize activ-15 16 ities which are no more restrictive than those per-17 mitted under the United States Bank Holding Company Act of 1956, Public Law 511, or the United States Na-tional Housing Act, Public Law 479, Section 408. Such 18 19 20 regulations Those rules may establish different per-21 missible activities dependent upon the type of financial institutions controlled by a Maine financial in-22 23 stitution holding company. The superintendent shall 24 establish procedures for applications by individual 25 companies for approval to engage in such those activ-26 ities in Maine.

27 Sec. 3. 9-B MRSA §1015, sub-§2, as amended by PL 28 1983, c. 302, §5, is further amended to read:

29 Criteria for approval. Applications for 2. ap-30 provals required in subsection 1 shall be filed pur-31 suant to procedures established by the superintend-32 Action on such those applications shall be ent. 33 taken in accordance with the requirements of section 34 and shall be subject to the standards set forth 252 35 in section 253. An application filed by a non-Maine 36 financial institution holding company for the acqui-37 sition or establishment of a Maine financial institu-38 tion or Maine financial institution holding company 39 is subject to the additional requirement that the su-40 perintendent find that the proposal would bring net 41 new funds into the State. An application by a Maine 42 financial institution holding company to acquire or 43 establish an out-of-state financial institution or 44 financial institution holding company is subject to

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the additional requirement that the superintendent find that deposits of citizens and businesses of this State, held in the holding company's Maine subsidiaries, will continue to be invested in Maine loans and investments in a manner consistent with the company's historical performance and current economic conditions. Such a transaction is subject to the requirements of section 1013, subsection 3, paragraph A, and the superintendent may require the application to contain some or all of the information required in section 1013, subsection 4.

Sec. 4. 9-B MRSA §1019-A is enacted to read:

13 §1019-A. Notification of superintendent

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Maine financial institution holding company 15 shall notify the superintendent at least 10 business 16 days before issuing preferred stock or capital notes or debentures with an original maturity of 3 years or greater. A copy of any United States Securities and Exchange Commission filings, private placement memoranda or other documents describing the proposed is-sue to potential investors shall be provided with that notification.

STATEMENT OF FACT

24 Section 1 of this new draft corrects an error made in printing in the original bill. Language found on page 2, lines 1 to 7 of L.D. 278 is in the 25 26 Maine Revised Statutes, Title 9-B, section 1013, last paragraph and should not have been included in the 27 28 bill in Title 9-B, section 1013, subsection 2. 29

30 Section 2 clarifies that financial institution holding companies and financial institutions cannot 31 32 be authorized by rule to engage in certain busi-33 nesses, such as insurance, to the extent that those activities are prohibited or limited by state law. 34

35 Section 3 is amended to refer to Maine, not just 36 "this State" in order to conform to the rest of the 37 Title.

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Section 4 is amended to specify which debt in-struments are affected. 1 2

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