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SECOND REGULAR SESSION - 1990

Legislative Document

No. 1887

S.P. 710

In Senate, December 11, 1989

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

Received by the Secretary of the Senate on December 11, 1989. Referred to the Committee on Banking and Insurance and 1,600 ordered printed pursuant to Joint Rule 14.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator COLLINS of Aroostook. Cosponsored by Representative CURRAN of Westbrook.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY

An Act to Amend the Mutual Holding Company Law.

Be it enacted by the People of the State of Maine as follows: 2 Sec. 1. 9-B MRSA §1052, sub-§3, as enacted by PL 1985, c. 558, is amended to read: 4 6 Subsidiary savings institution. "Subsidiary savings 3. institution" means any savings bank or savings and loan association organized under the laws of this State, all at least 8 3 51% of the voting stock of which is wholly owned by a mutual 10 holding company. 12 Sec. 2. 9-B MRSA §1053, sub-§§4 to 6 are enacted to read: 14 4. Issuance of stock and securities. A subsidiary savings institution has the power to issue to persons other than the mutual holding company of which it is a subsidiary an amount of 1.6 common stock and securities convertible into common stock that in 18the aggregate does not exceed 49% of the issued and outstanding common stock of that subsidiary savings institution. For purposes of the 49% limitation, any issued and outstanding 20 securities that are convertible into common stock are considered 22 issued and outstanding common stock. 24 5. Reporting. A subsidiary savings institution that issues or has issued and outstanding any common stock or securities 26 convertible under common stock to any persons other than the mutual holding company of which it is a subsidiary must file 28 consolidated financial statements, reports or proxy materials as required under federal law. If the consolidated financial 30 statements, reports or proxy materials are not required to be filed with any federal authority or agency, copies of the 32 consolidated financial statements, reports or proxy materials must be filed with the superintendent and be a public record. 34 6. Powers of subsidiary savings institutions. A subsidiary 36 savings institution may continue to exercise its powers, rights and privileges and is subject to limitations not inconsistent with this chapter and applicable to a savings bank or savings and 38 loan association organized under the laws of the State, including, but not limited to, the powers of a stock financial 40 institution organized under chapter 31. 42 STATEMENT OF FACT 44 46 This bill amends the mutual holding company law enacted in 1986, by authorizing subsidiary savings institutions to issue 49% 48 or less of their stock to the public as a means of attracting capital. Section 604 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), PL 101-73, allows 50

the purchase of minority interests in certain savings associations by bank holding companies. Selling minority shares would help savings associations raise capital to meet new federal

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capital standards. This revision facilitates changes in Maine
law that maintain parity with changes made in federal law and that will help some mutual organizations raise capital while
maintaining their mutual holding company structure. It is the intent of this bill to permit subsidiary savings institutions of
Maine and mutual holding companies to engage in activities at least as broad as or broader than those activities authorized by
federal law and regulation.