

MAINE STATE LEGISLATURE

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8. of 8.

L.D. 614

(Filing No. S- 175)

STATE OF MAINE
SENATE
116TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P.
477, L.D. 614, Bill, "An Act to Amend the Mutual Holding Company
Laws"

Amend the amendment in section 1 in paragraph A in the 4th
line (page 1, line 26 in amendment) by striking out the
following: "102-A" and inserting in its place the following:
'105' and in the last line (page 2, line 7 in amendment) by
striking out the following: "102-A" and inserting in its place
the following: '105'

Further amend the amendment in section 2 in subsection 2 in
the 4th line (page 2, line 15 in amendment) by striking out the
following: "102-A" and inserting in its place the following:
'105'

Further amend the amendment by striking out all of section 3
and inserting in its place the following:

'Sec. 3. 9-B MRSA c. 103, first 2 lines are repealed and the
following enacted in their place:

CHAPTER 105

MUTUAL HOLDING COMPANY

Sec. 4. 9-B MRSA §1052, sub-§3, as enacted by PL 1985, c. 558,
is amended to read:

3. Subsidiary savings institution. "Subsidiary savings
institution" means any savings bank or savings and loan
association organized under the laws of this State, all at least
51% of the voting stock of which is wholly owned by a mutual
holding company.

SENATE AMENDMENT

2 **Sec. 5. 9-B MRSA §1053, sub-§§1 and 3**, as enacted by PL 1985,
4 c. 558, are amended to read:

6 **1. Reorganization.** Notwithstanding any other provision of
8 law, any a mutual financial institution may reorganize so as to
10 become a mutual holding company by:

12 A. Chartering, pursuant to chapter 31, a subsidiary savings
14 institution, ~~all of the voting stock of which is owned by~~
16 ~~the mutual holding company; and~~

18 B. Transferring a substantial part of its assets and
20 liabilities, including all of its insured liabilities to the
22 subsidiary savings institution. The subsidiary savings
24 institution must meet or exceed minimum capital requirements
26 prescribed by federal law or regulations or state law or
28 rules. Persons having liquidation rights with respect to
30 the mutual financial institution pursuant to ~~any provision~~
32 ~~of law shall~~ chapter 36, from and after the transfer at the
34 time of the formation of the subsidiary savings institution,
36 have those rights with respect to the mutual holding company.

38 **3. Approval.** Mutual financial institutions seeking to
40 establish a mutual holding company pursuant to this chapter or a
42 mutual ~~financial institution~~ holding company seeking to convert
44 to a stock financial institution holding company shall do so
46 pursuant to section 344, except that the conversion plan of a
48 mutual holding company to a stock financial institution holding
50 company ~~shall be~~ is subject to the approval of a 2/3 vote of all
the eligible account holders of all the financial institutions
which ~~that~~ are subsidiaries of the holding company. If there is
more than one subsidiary financial institution, the eligible
account holders ~~shall be~~ are combined and 2/3 of the combined
eligible account holders ~~shall~~ must approve the conversion. Only
account holders of financial institutions which ~~that~~ are
subsidiaries of the holding company are eligible to vote on the
conversion plan. Shareholders of nonbank stock subsidiaries are
not eligible to vote on the conversion plan.

Sec. 6. 9-B MRSA §1053, sub-§§4 to 6 are enacted to read:

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
common stock and securities convertible into common stock that in
the 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
securities that are convertible into common stock, including

warrants, options and rights to purchase common stock, are considered issued and outstanding common stock of the subsidiary. Each time common stock of the subsidiary savings institution is offered by the institution to the general public for a price payable in cash, each eligible account holder of the subsidiary savings institution of the mutual holding company receives, without payment, nontransferable subscription rights to purchase that common stock at the same price and in accordance with guidelines or rules as may be adopted by the superintendent. For purposes of this chapter, an offer to the general public means an offer by means of public advertising or general solicitation and does not include:

A. Issuances to the mutual holding company; or

B. Offers or sales that are exempt from registration by virtue of Title 32, section 10502, subsection 2, paragraph L, N or R.

5. Reporting. A subsidiary savings institution that issues, or has issued and outstanding, any common stock or securities convertible into common stock to persons other than the mutual holding company of which it is a subsidiary shall file consolidated financial statements, reports or proxy materials as required under federal law. If the consolidated financial statements, reports or proxy materials are not required to be filed with any federal authority or agency, copies of the consolidated financial statements, reports or proxy materials must be filed with the superintendent and must be public records.

6. Powers of subsidiary savings institutions. A subsidiary 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 loan association organized under the laws of the State, including, but not limited to, the powers of a stock financial institution organized under chapter 31.

Sec. 7. 9-B MRSA §1054, sub-§2, as enacted by PL 1985, c. 558, is amended to read:

2. Governance. A mutual holding company shall must be governed by a board of corporators and ~~shall further be governed~~ in accordance with the charter and bylaws of the mutual holding company, as adopted or amended, in connection with a reorganization authorized under this chapter or as amended by the corporators thereafter. With respect to a mutual holding company that has been formed through the reorganization of a savings bank, the board of corporators initially consists of the board of corporators of the savings bank as constituted pursuant to

section 325. The corporators shall, after the formation of the mutual holding company, continue to serve as corporators for the balance of the terms to which they are elected under section 325. The corporators shall elect a board of directors provided that the superintendent has the authority to comment upon the composition of the board. The corporators and the board of directors shall be governed by and authorized to undertake the activities as set forth in sections 325 and 326. With respect to a mutual holding company which that has been formed through the reorganization of a savings bank, the board of corporators shall initially consist consists of the board of corporators of the saving bank as constituted pursuant to section 325. The corporators shall, after the formation of the mutual holding company, continue to serve as corporators for the balance of the terms to which they are elected under section 325.

Sec. 8. 9-B MRSA §1054, sub-§3, ¶D, as enacted by PL 1985, c. 558, is amended to read:

D. Exercise any and ~~all powers, rights and privileges~~ power, right or privilege, with the exception of deposit taking, heretofore or hereafter granted to mutual financial institutions under the laws of the State, and, unless specifically noted otherwise, any reference to "savings bank" or "savings and loan association" in any other law of this State shall also be applicable applies to a subsidiary savings institution chartered pursuant to this chapter;

Sec. 9. 9-B MRSA §1055, as enacted by PL 1985, c. 558, is amended to read:

§1055. Rules

The superintendent shall promulgate adopt such rules as may be necessary to effectuate the purposes of this chapter and to ensure that the reorganization of a mutual financial institution is conducted in a fair and equitable manner to ensure the safety and soundness of the subsidiary savings institution and the protection of the subsidiary savings institution's net worth.'

Further amend the amendment by renumbering the sections to read consecutively.

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 477,
L.D. 614

STATEMENT OF FACT

This amendment retains the substantive changes contained in
Committee Amendment "A" but incorporates those changes into
existing law rather than enacting a new chapter.

(Senator McCORMICK)

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SENATE AMENDMENT