

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1999

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Legislative Document

No. 2283

S.P. 875

In Senate, December 9, 1999

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### **An Act to Realign Capital Requirements for Specialty Bank Charters.**

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Received by the Secretary of the Senate on December 9, 1999. Referred to the Committee on Banking and Insurance and ordered printed pursuant to Joint Rule 308.2

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LaFOUNTAIN of York.  
Cosponsored by Representative: CAMPBELL of Holden.

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

2           **Sec. 1. 9-B MRSA §1213**, as enacted by PL 1997, c. 398, Pt. J,  
4 §2, is amended to read:

6           **§1213. Capital**

8           A nondepository trust company ~~shall maintain minimum capital~~  
10 ~~must have initial paid-in capital~~ in accordance with chapter 31  
12 and ~~shall maintain capital in accordance with~~ section 412-A and  
14 any rules adopted under ~~these provisions~~ section 412-A, except  
16 the superintendent may ~~provide for a~~ establish different amount  
18 capital maintenance requirements for nondepository trust  
20 companies ~~by order or rule~~ than those required for other  
22 financial institutions organized under this Title.

24           **Sec. 2. 9-B MRSA §1223, sub-§1**, as enacted by PL 1997, c. 398,  
26 Pt. J, §2, is repealed.

28           **Sec. 3. 9-B MRSA §1223, sub-§2**, as enacted by PL 1997, c. 398,  
30 Pt. J, §2, is amended to read:

32           **2. Capital.** A merchant bank must have initial paid-in  
34 capital in accordance with chapter 31 and shall maintain minimum  
36 capital in accordance with section 412-A or any rules adopted  
38 under ~~that~~ section 412-A. The superintendent may establish  
40 different capital maintenance standards for merchant banks than  
42 for other financial institutions organized under this Title. The  
44 minimum capital maintenance standards for a merchant bank may not  
46 be less than a level equal to 150% of the tier 1 risk-based  
48 capital and 150% of total risk-based capital established from  
time to time by the Board of Governors of the Federal Reserve  
System for a well-capitalized bank.

**Sec. 4. 9-B MRSA §1233**, as enacted by PL 1997, c. 398, Pt. J,  
§2, is amended to read:

**§1233. Capital**

          An uninsured bank must have initial paid-in capital in  
accordance with chapter 31 and shall maintain minimum capital in  
accordance with section 412-A or rules adopted under section  
412-A, except that the superintendent may establish different  
capital maintenance requirements for uninsured banks than those  
required for insured financial institutions organized under this  
Title.

## SUMMARY

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4       Current law requires initial capital for a merchant bank of  
6       \$20,000,000, considerably more than that required for any other  
8       financial institution chartered under state law. This bill  
      realigns that minimum capital requirement to be consistent with  
      that which is required for any other bank charter and makes other  
      changes in specialty bank laws to create uniformity with respect  
      to statutory capital requirements.