

HOUSE No. 872

The Commonwealth of Massachusetts

PRESENTED BY:

Michael A. Costello

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to certain actions and transactions before the Board of Bank Incorporation and the Commissioner of Banks.

PETITION OF:

NAME:

Michael A. Costello

DISTRICT/ADDRESS:

1st Essex

HOUSE No. 872

By Mr. Costello of Newburyport, a petition (accompanied by bill, House, No. 872) of Michael A. Costello relative to certain actions by and transactions before the Board of Bank Incorporation and the Commissioner of Banks. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 287 OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to certain actions and transactions before the Board of Bank Incorporation and the Commissioner of Banks.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 3 of said chapter 167A, as appearing in the 2006 Official Edition,
2 is hereby amended by adding the following paragraph:--

3 The provisions contained in section 2 shall not apply to the acquisition by bank holding
4 company, or a company or a bank which would become a bank holding company, if a bank or
5 holding company is:--

6 merged, consolidated, its assets purchased or established on an interim basis
7 simultaneously with the acquisition of the shares of the bank or bank holding company, and the
8 bank holding company is not operated by the acquiring bank holding company, company or
9 bank, as a separate entity other than as the survivor of the merger, consolidation or asset
10 purchase; and

11 the transaction requires the approval of the Commissioner under the General Laws.

12 The provisions of section 4 relative to the Massachusetts Housing Partnership Fund shall
13 apply to any transaction which but for the exemption provided for in this paragraph would have
14 been subject to such provisions. The Commissioner shall not approve any transaction referred to

15 in clause (ii) until he has received notice from the Massachusetts Housing Partnership Fund that
16 satisfactory arrangements have been made under said section 4.

17 SECTION 2. Section 2 of Chapter 167H of the General Laws, as so appearing, is hereby
18 amended by striking out said section 2 and inserting in place thereof the following section:--

19 Section 2. (a) Notwithstanding the provisions of any general or special law to the
20 contrary, a mutual banking institution that is a savings bank may reorganize so as to become a
21 mutual holding company by (1) establishing a subsidiary banking institution as a stock savings
22 bank in accordance with section three, and transferring to such subsidiary banking institution the
23 substantial part of its assets and liabilities, including all of its deposit liabilities or (2) by
24 structuring the reorganization under any procedures acceptable to the commissioner, including
25 but not limited to the merger of the existing mutual bank with and into a savings bank
26 established for the purpose of completing the reorganization; provided, that for the purpose of
27 facilitating a multi-step reorganization the commissioner may, subject to such terms and
28 conditions as he may impose, grant any and all certificates and approvals to establish and control
29 a new mutual savings bank. Upon such reorganization, all persons who prior thereto held
30 depository rights with respect to or other rights as creditors of such mutual banking institution
31 shall have such rights solely with respect to the said subsidiary banking institution and the
32 corresponding liability or obligation of the mutual banking institution to such persons shall be
33 assumed by the subsidiary banking institution. All persons who had liquidation rights pursuant
34 to section thirty-three of chapter one hundred and sixty-eight with respect to the mutual banking
35 institution shall continue to have such rights solely with respect to said mutual holding company.

36 (b) Notwithstanding the provisions of any general or special law to the contrary,
37 a mutual banking institution that is a cooperative bank may reorganize so as to become a mutual
38 holding company by (1) establishing a subsidiary banking institution as a stock cooperative bank
39 in accordance with section three, and transferring to such subsidiary banking institution the
40 substantial part of its assets and liabilities, including all of its deposit liabilities or (2) by
41 structuring the reorganization under any procedures acceptable to the commissioner, including
42 but not limited to the merger of the existing mutual bank with and into a cooperative bank
43 established for the purpose of completing the reorganization; provided, that for the purpose of
44 facilitating a multi-step reorganization the commissioner may, subject to such terms and
45 conditions as he may impose, grant any and all certificates and approvals to establish and control
46 a new cooperative bank. Upon such reorganization, all persons who prior thereto held depository
47 rights with respect to or other rights as creditors of such mutual banking institution shall have
48 such rights solely with respect to the said subsidiary banking institution and the corresponding
49 liability or obligation of the mutual banking institution to such persons shall be assumed by the
50 subsidiary banking institution. All persons who had liquidation rights pursuant to section
51 twenty-seven of chapter one hundred and seventy with respect to the mutual banking institution
52 shall continue to have such rights solely with respect to said mutual holding company.

53 (c) Any reorganization of a mutual banking institution pursuant to subsection (a) shall be
54 approved by a majority of the board of trustees and by a majority of the incorporators present and
55 voting in each case at the annual meeting or at a special meeting called, in accordance with the
56 by-laws, for such purpose. Any such reorganization pursuant to subsection (b) shall be approved
57 by a majority of the board of directors and by a majority of the shareholders present and voting
58 in each case at the annual meeting or at a special meeting called, in accordance with the by-laws,
59 for such purpose.

60 SECTION 3. Chapter 172 of the General Laws, as so appearing, is hereby amended by
61 inserting after section 9A the following section:--

62 Section 9B. Notwithstanding the provisions of any general or special law to the contrary,
63 the commissioner may, subject to such terms and conditions as he may impose, grant a certificate
64 to establish an interim trust company owned by a bank holding company or a banking institution
65 as defined in chapter 167A or a mutual holding company as defined in chapter 167H for the sole
66 purpose of facilitating a multi-step transaction involving bank as defined in chapter 167;
67 provided, however, that the interim trust company shall not receive deposits, or otherwise carry
68 on a banking business under the laws of the commonwealth.