

# **HOUSE . . . . . No. 4025**

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## The Commonwealth of Massachusetts

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HOUSE OF REPRESENTATIVES, April 7, 2014.

The committee on Financial Services to whom was referred the petition (accompanied by bill, House, No. 853) of Garrett J. Bradley relative to the Massachusetts Credit Union Share Insurance Corporation, reports recommending that the accompanying bill (House, No. 4025) ought to pass.

For the committee,

MICHAEL A. COSTELLO.

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Fourteen**  
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An Act relative to the Massachusetts Credit Union Share Insurance Corporation.

*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. Chapter 294 of the Acts of 1961 is hereby amended by adding the  
2 following section:

3           Section 16. In addition to the powers and privileges otherwise conferred by this act or  
4 law, the corporation may:

5           (a)hold, purchase, convey, mortgage or lease real or personal property or any interest  
6 therein utilized for its premises or convenient for the exercise of its powers and the performance  
7 of its duties pursuant to this act;

8           (b)invest, subject to the approval of the commissioner, and under such limitations or  
9 conditions as the commissioner may impose, in the capital stock or shares of one or more  
10 subsidiary corporations, limited liability companies or trusts or such other forms of organization  
11 permitted by the commissioner, organized and operated solely for the purpose of performing  
12 functions that the corporation itself is empowered to perform directly or as authorized by the  
13 commissioner.

14           (c)invest individually or with one or more credit unions or federal credit unions up to five  
15 percent of its assets in one or more credit union service organizations engaging in activities or  
16 providing services authorized by law. For purposes solely related to the investment of credit  
17 unions in credit union service organizations pursuant to this subsection, hereof, the corporation  
18 shall be deemed a credit union.

19           (d) upon a two-thirds vote of its board of directors, and having established that such  
20 activity will not adversely affect its safety and soundness, and having adequate policies and  
21 procedures to ensure such investments governing the performance of the corporation and its

22 employees, to minimize any credit, market, liquidity, operations, legal and reputation risks to the  
23 corporation, may apply to the commissioner to make investments under the “Prudent Man”  
24 authority, so-called, as follows:

25 (i) in shares of stock registered on a national securities exchange as provided in the  
26 Securities Exchange Act of 1934, 15 USC 78a or for which quotations are available through the  
27 Financial Industry Regulatory Authority or any comparable service designated by the  
28 commissioner; and

29 (ii) interest bearing obligations of any state, county, city, town or district or any  
30 subdivision or instrumentality thereof, and of any authority established under the laws of the  
31 United States or any state, county, town or district, including obligations of any of the foregoing  
32 payable from specified revenues; (2) interest bearing obligations of any corporation organized  
33 under the laws of the United States or any state, and of any association the business of which is  
34 conducted or transacted by trustees under a written instrument or declaration of trust having its  
35 principal place of business in the commonwealth, and (3) preferred and common stock of any  
36 corporation described in the foregoing clause (2). Obligations to be eligible pursuant to clauses  
37 (1) and (2) shall have an initial offering of at least \$50,000,000 and be rated at least a single A.

38 Any such approval granted by the commissioner shall be subject to such conditions and  
39 limitations as he may impose.

40 The corporation may apply to invest up to 20 per cent of its assets under the authority  
41 granted in this section (d). The percentage of such assets authorized shall be determined by the  
42 commissioner. The commissioner may increase, modify, curtail or rescind or otherwise limit the  
43 corporation’s authority to make such investments.