

Accompanying the fifth recommendation of the Commissioner of Banks (House, No. 14). Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-One.

AN ACT RELATIVE TO THE OPERATION OF CERTAIN BANKING LAWS.

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. Subsection C of said section 14 of said chapter
2 167E, as so appearing, is hereby amended by striking out
3 paragraph 7.

1 SECTION 2. Section 2 of chapter 167F of the General Laws
2 is hereby amended by striking out paragraph 4, as so appearing,
3 and inserting in place thereof the following paragraph: —

4 4. To invest in the capital stock of any bank, national banking
5 association, federal savings bank, federal or state savings and loan
6 association or bank holding company; provided, however, that
7 the aggregate amount of any such investment in any such bank,
8 association or company shall not exceed twenty per cent of its
9 capital stock, surplus account and undivided profits for a stock
10 corporation or not exceeding twenty per cent of its surplus
11 account for a thrift institution; and provided, further, that such
12 limitations shall not apply to any such investment in the capital
13 stock of any such bank, association or company located in the
14 commonwealth or in one of the states of Connecticut, Maine, New
15 Hampshire, Rhode Island or Vermont or of any such bank,
16 association or company the stock of which such corporation or
17 institution may purchase or acquire under applicable provisions
18 of chapters one hundred and sixty-eight, one hundred and seventy
19 or one hundred and seventy-two.

1 SECTION 3. Paragraph 3 of section 10 of chapter 168 of the
2 General Laws, as so appearing, is hereby amended by adding the
3 following paragraph: —

4 The provisions of this paragraph shall not prohibit a trustee
5 or officer from serving nor require the issuance of a permit for
6 a trustee or officer to serve in the same or similar capacity in any
7 banking institution chartered by a state other than the
8 commonwealth or chartered by the federal government provided
9 that the main office of any such banking institution is located in
10 a state other than the commonwealth.

1 SECTION 4. Chapter 168 of the General Laws is hereby
2 further amended by striking out section 34C, and inserting in place
3 thereof the following section: —

4 Section 34C. Notwithstanding any general or special law to the
5 contrary, a savings bank, subject to approval of the commissioner,
6 may convert to a stockholder owned form of corporation. A
7 request for such approval by the commissioner shall be
8 accompanied by an investigation fee the amount of which shall
9 be determined annually by the commissioner of administration
10 under the provisions of section three B of chapter seven.

11 Any savings bank which converts to a stockholder owned form
12 of corporation shall have all the powers and privileges of a savings
13 bank.

14 The commissioner shall prescribe from time to time such rules
15 and regulations as may be necessary or proper in carrying out the
16 provisions of this section. Such regulation shall be similar to
17 regulations promulgated under Title 12 USC 1725 or Title 12 USC
18 1464, provided, however, that the commissioner may make such
19 adjustments and exceptions as in his judgment are necessary to
20 carry out the purposes of this section or to facilitate compliance
21 therewith.

22 After conversion to a stockholder form of corporation pursuant
23 to this section, sections eight to eighteen, inclusive, and twenty-
24 five shall not apply to such a converted bank, and such bank shall
25 be subject to the provisions of sections eleven to fifteen, inclusive,
26 sections nineteen, twenty, twenty-two, twenty-four, twenty-six A,
27 twenty-eight, thirty-one and other applicable sections of chapter
28 one hundred and seventy-two. References to corporators and

29 trustees of savings banks in this chapter shall mean directors in
30 a stock savings bank.

31 Except for emergency regulations adopted pursuant to section
32 two of chapter thirty A, any regulations, as defined in section one
33 of said chapter thirty A, or any amendment or repeal of any such
34 regulation adopted by the commissioner pursuant to this section,
35 shall, after compliance with all applicable provisions of said
36 chapter thirty A except section five, be submitted to the general
37 court. Said commissioner shall file the proposed regulation,
38 amendment or repeal with the clerk of the house of representa-
39 tives, together with a statement that the pertinent provisions of
40 said chapter thirty A, except section five, have been complied with.
41 Such regulations shall be accompanied by a summary of the
42 regulations in layman's terms. The clerk of the house of
43 representatives, with the approval of the president of the senate
44 and the speaker of the house of representatives, shall refer such
45 regulations to the joint committee on banks and banking. Within
46 thirty days after such referral said committee may hold a public
47 hearing on the regulations and may make recommendations to
48 said commissioner. The commissioner shall review any such
49 recommendations and shall adopt final regulations as he deems
50 appropriate in view of said recommendations and shall file a
51 response to any such recommendations and the final regulations
52 with the clerk of the house of representatives. Not earlier than
53 thirty days after such filing with said clerk, the commissioner shall
54 file the final regulations with the state secretary as provided in
55 section five of said chapter thirty A and said regulations shall
56 thereupon take effect; provided, however, that if no such
57 recommendations are made to the commissioner within sixty days
58 of the initial filing of the proposed regulation or any amendment
59 or a repeal of such regulation with the clerk of the house of
60 representatives, the commissioner may file the final regulations
61 with the state secretary as provided in section five of said chapter
62 thirty A and said regulation shall thereupon take effect.

1 SECTION 5. Section 10 of chapter 170 of the General Laws,
2 as so appearing, is hereby amended by adding the following
3 paragraph: —

4 The provisions of this section shall not prohibit a director or
5 officer from serving nor require the issuance of a permit for a
6 director or officer to serve in the same or similar capacity in any
7 banking institution chartered by a state other than the
8 commonwealth or chartered by the federal government provided
9 that the main office of any such banking institution is located in
10 a state other than the commonwealth.

1 SECTION 6. Chapter 170 of the General Laws is hereby
2 further amended by striking out section 26C and inserting in place
3 thereof the following section: —

4 Section 26C. Notwithstanding any general or special law to the
5 contrary a co-operative bank, subject to approval of the
6 commissioner, may convert to a stockholder owned form of
7 corporation. A request for such approval by the commissioner
8 shall be accompanied by an investigation fee the amount of which
9 shall be determined annually by the commissioner of administra-
10 tion under the provisions of section three B of chapter seven.

11 Any co-operative bank which converts to a stockholder owned
12 form of corporation shall have all the powers and privileges of
13 a co-operative bank.

14 The commissioner shall prescribe from time to time such rules
15 and regulations as may be necessary or proper in carrying out the
16 provisions of this section. Such regulations shall be similar to
17 regulations promulgated under Title 12 USC 1725 or Title 12 USC
18 1464; provided, that the commissioner may make such
19 adjustments and exceptions as in his judgment are necessary to
20 carry out the purposes of this section or to facilitate compliance
21 therewith.

22 After conversion to a stockholder form of corporation pursuant
23 to this section, sections seven to ten, inclusive, shall not apply to
24 a converted bank, and such bank shall be subject to the provisions
25 of sections eleven to fifteen, inclusive, sections nineteen, twenty,
26 twenty-two, twenty-four, twenty-six A, twenty-eight, thirty-one
27 and other applicable sections of chapter one hundred and seventy-
28 two.

29 Except for emergency regulations adopted pursuant to section
30 two of chapter thirty A, any regulations, as defined in section one
31 of said chapter thirty A, or any amendment or repeal of any such

32 regulation adopted by the commissioner pursuant to this section,
33 shall after compliance with all applicable provisions of said
34 chapter thirty A, except section five, be submitted to the general
35 court. Said commissioner shall file the proposed regulation,
36 amendment or repeal with the clerk of the house of representa-
37 tives, together with a statement that the pertinent provisions of
38 said chapter thirty A, except section five, have been complied with.
39 Such regulations shall be accompanied by a summary of the
40 regulations in layman's terms. The clerk of the house of
41 representatives, with the approval of the president of the senate
42 and the speaker of the house of representatives, shall refer such
43 regulations to the joint committee on banks and banking. Within
44 thirty days after such referral said committee may hold a public
45 hearing on the regulations and may make recommendations to
46 said commissioner. The commissioner shall review any such
47 recommendations and shall adopt final regulations as he deems
48 appropriate in view of said recommendations and shall file a
49 response to any such recommendations and the final regulations
50 with the clerk of the house of representatives. Not earlier than
51 thirty days after such filing with said clerk, the commissioner shall
52 file the final regulations with the state secretary as provided in
53 section five of said chapter thirty A and said regulations shall
54 thereupon take effect; provided, however, that if no such
55 recommendations are made to the commissioner within sixty days
56 of the initial filing of the proposed regulation or any amendment
57 or repeal of such regulation with the clerk of the house of
58 representatives, the commissioner may file the final regulations
59 with the state secretary as provided in section five of said chapter
60 thirty A and said regulations shall thereupon take effect.

1 SECTION 7. Section 19 of chapter 171 of the General Laws,
2 inserted by section 1 of chapter 79 of the acts of 1990, is hereby
3 amended by adding the following paragraph: —

4 The provisions of this section shall not prohibit a director from
5 serving nor require the issuance of a permit for a director or officer
6 to serve in the same or similar capacity in any banking institution
7 chartered by a state other than the commonwealth or chartered
8 by the federal government provided that the main office of any
9 such banking institution is located in a state other than the
10 commonwealth.

1 SECTION 8. Said chapter 171 is hereby amended by inserting
2 after section 77, as so appearing, the following section: —

3 Section 77A. A credit union by vote of at least two-thirds of
4 those members present, qualified to vote, and voting at a meeting
5 duly called for the purpose, preceded by a notice in writing sent
6 to each member at his last address appearing on the records of
7 the credit union and to the commissioner at least sixty days before
8 said meeting, may convert into a federal credit union in
9 accordance with the laws of the United States and without the
10 approval of any authority of the commonwealth.

1 SECTION 9. Section 78 of chapter 171 of the General Laws,
2 inserted by section 1 of chapter 79 of the acts of 1990, is hereby
3 amended by adding the following paragraph: —

4 A credit union and a federally-chartered credit union may
5 consolidate into a single corporation or into a single federal credit
6 union pursuant to the applicable provisions of this section as
7 determined by the commissioner; provided, that any such federal
8 credit union complies with applicable provisions of federal law
9 and, provided further, that the main office of such federal credit
10 union is located within the geographical limitations set out in
11 section two of this chapter.

1 SECTION 10. Section 19 of chapter 172 of the General Laws,
2 as so appearing, is hereby amended by inserting after the first
3 paragraph the following paragraph: —

4 The provisions of this section shall not require the issuance of
5 a permit for a director or officer to serve in the same or similar
6 capacity in any banking institution chartered by a state other than
7 the commonwealth or chartered by the federal government,
8 provided that the main office of any such banking institution is
9 located in a state other than the commonwealth.

