

Accompanying the seventh recommendation of the Commissioner of Banks (House, No. 9). Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE LIST OF LEGAL INVESTMENTS PREPARED BY 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 15A of chapter 167 of the General Laws,
2 as appearing in the 1988 Official Edition, is hereby amended by
3 striking out the word "omitted", in line 8, and inserting in place
4 thereof the following words: — omitted; and provided, further
5 that eligible obligations not contained on said list shall be
6 considered legal list investments if at the time of such investment
7 the obligation has an initial offering of at least fifty million dollars
8 and is rated at least a single A assigned by a nationally organized
9 service.

1 SECTION 2. Said chapter 167, as so appearing, is hereby
2 further amended by striking out section 15B and inserting in place
3 thereof the following section: —

4 Section 15B. The list of legal investments prepared pursuant
5 to section fifteen A may include securities not otherwise eligible
6 for investment under the provisions of that section; provided,
7 however, that such securities are approved for addition to said
8 list in accordance with the following conditions and requirements
9 of this section:

10 1. Classes of Securities. — The securities eligible for approval
11 under this section may include (a) interest bearing obligations of
12 any state, county, city, town or district or any subdivision or
13 instrumentality thereof, and of any toll bridge, toll road, turnpike
14 or other authority established under the laws of the United States
15 of any state, county, town or district, including obligations of any

16 of the foregoing payable from specified revenues, (b) interest
17 bearing obligations of any corporation organized under the laws
18 of the United States or any state and of any association, the
19 business of which is conducted or transacted by trustees under
20 a written instrument or declaration of trust, having its principal
21 place of business in the commonwealth, and (c) preferred and
22 common stock of any corporation described in the foregoing
23 clause (b).

24 2. Eligibility. — The obligations to be eligible for approval for
25 this investment pursuant to clauses (a) and (b) of paragraph 1 shall
26 have an initial offering of at least fifty million dollars and be rated
27 at least a single A.

28 The stocks to be eligible for approval for investment pursuant
29 to clause (c) of paragraph 1 shall meet either of the following
30 requirements:

31 A. Massachusetts Companies

32 The company must have significant operations in Massachu-
33 setts such that one-third of its full-time corporate employees are
34 working in the Commonwealth and such company has at least
35 one million shares if a growth company so-called, and two million
36 shares if a mature company listed on the New York, American
37 or Boston Stock Exchange or is traded over the counter by the
38 National Association of Securities Dealers Automated Quota-
39 tions Market Makers. A majority of the stock of any such
40 company shall not be owned by five or less shareholders. The
41 market value of the total common stock at the end of the last fiscal
42 year shall not be less than twenty million dollars for a growth
43 company and fifty million dollars for a mature company. Such
44 a company shall have earnings in its latest fiscal year of at least
45 one three-hundredth of one percent if it is a growth company and
46 at least one two-hundredth of one percent if a mature company
47 of the aggregate corporate profits as determined by the United
48 States Department of Commerce. Each such growth company
49 shall also have had earning increases in four of the last five years,
50 profits in each of the five years and a compound annual growth
51 rate in sales of fifteen percent or more for the last five years. Any
52 such mature company shall have had profits in each of the last
53 five years and paid cash dividends without a decrease for those
54 five years.

55

B. Other Companies

56 The company must be headquartered in the United States and
57 have at least ten million shares of common stock outstanding; the
58 company must have paid cash dividends for each of the past five
59 years; and such company has had earnings in three of the past
60 five years greater than one-tenth of one percent of aggregate-
61 corporate profits as determined by the United States Commerce
62 Department and has had earnings of at least one-twentieth of said
63 one percent in the other two years.

64 3. Approval. — If the commissioner approves any such
65 interest bearing obligation or stock meeting the requirements of
66 paragraph 2 he shall add the name of such investment to the list
67 of legal investments provided for in section 15A. At any time
68 thereafter the commissioner may revoke such approval and
69 remove such investment from said list. In determining that any
70 such investment authorized under the provisions of this section
71 should be included on said list or deleted from said list the
72 commissioner may employ such expert assistance as he deems
73 proper or may rely upon information contained in publications
74 which he deems authoritative in reference to such matters.

75 4. Refunding Bonds. — If the commissioner shall have
76 approved for addition to the list an issue of bonds in accordance
77 with any of the provisions of this section, and if thereafter but
78 before such approval shall have been revoked the issuer shall issue
79 bonds the proceeds of which are to be used solely to refund the
80 issue previously approved for another issue of equal or shorter
81 maturity and of equal or prior security, and if such new bonds
82 shall be of equal security with the previously approved issue and
83 of equal or shorter maturity, the commissioner may approve
84 addition to the list of such refunding bonds, and thereafter may
85 revoke such authority on his own initiative. If the commissioner
86 shall have so approved an issue of bonds in accordance with any
87 of the provisions of this section, and if thereafter but before such
88 approval shall have been revoked the issuer shall issue bonds of
89 which at least ninety per cent of the proceeds are to be used to
90 refund the issue previously approved or another issue of equal or
91 prior security, and if the security for the new bonds is not less
92 than that for the previously approved issue the commissioner may
93 approve addition of such new bonds to the list and thereafter may
94 revoke such authority on his own initiative.

