§446-A. Closely related activities

A financial institution authorized to do business in this State may engage, directly or indirectly, in closely related activities as defined in section 131, subsection 6-A. The financial institution may engage in those activities directly, or indirectly through a subsidiary, unless the superintendent determines that an activity must be conducted through a subsidiary with appropriate corporate firewalls and safeguards, as determined by the superintendent, that limit the financial institution's exposure by emphasizing the subsidiary's independent legal structure. [PL 1997, c. 398, Pt. I, §35 (NEW).]

1. Application required. A financial institution shall make application to the superintendent in accordance with section 252 for authority to engage in a closely related activity, except that an application is not necessary if all of the following conditions are satisfied:

A. Before and immediately after the proposed transaction, the financial institution is well capitalized as determined by the superintendent; [PL 1999, c. 218, §21 (AMD).]

B. At the time of the transaction, the financial institution is well managed, which means that in connection with the financial institution's most recent examination:

(1) The financial institution received a composite rating of one or 2 pursuant to the uniform financial institution rating system adopted by the Bureau of Financial Institutions; and

(2) The financial institution received at least a satisfactory rating for management; [PL 1999, c. 218, §21 (AMD); PL 2001, c. 44, §11 (AMD); PL 2001, c. 44, §14 (AFF).]

C. The book value of the total assets to be acquired does not exceed 15% of the consolidated total risk-weighted assets of the financial institution; [PL 1999, c. 218, §21 (AMD).]

D. The consideration to be paid for the securities or assets to be acquired does not exceed 15% of the consolidated capital of the financial institution; [PL 1999, c. 218, §21 (AMD).]

E. During the 12-month period prior to the proposed transaction, the financial institution has not been under an enforcement action nor is there an enforcement action pending; [PL 1999, c. 218, §21 (AMD).]

F. The financial institution provides written notification to the superintendent at least 30 days prior to consummating the transaction; and [PL 2001, c. 211, §14 (AMD).]

G. The activity is authorized pursuant to this Title or by rule or order of the superintendent. [PL 1997, c. 398, Pt. I, §35 (NEW).]

Notwithstanding paragraphs A and G, the superintendent, after review of the written notification under paragraph F, may require an application if the superintendent determines that the activity raises significant supervisory concerns or raises significant legal or policy issues.
[PL 2001, c. 44, §4 (AMD); PL 2001, c. 211, §14 (AMD).]

2. Joint ownership. A subsidiary corporation formed pursuant to this section may be owned jointly with one or more persons, if the superintendent approves the joint ownership.
[PL 1997, c. 398, Pt. I, §35 (NEW).]

3. Investment limits. The amount of investment in any one subsidiary corporation may not exceed 20% of the financial institution's total capital. The aggregate investment in all subsidiary corporations may not exceed 50% of the financial institution's total capital. The superintendent may approve higher limits upon request.
[PL 1997, c. 398, Pt. I, §35 (NEW).]

4. Application or notice fee. An application or notice required under subsection 1 is not complete unless accompanied by a fee to be credited and used as provided in section 214. The superintendent shall establish the amount of the fee, which may not exceed $2,500.

[PL 1999, c. 218, §22 (NEW).]

SECTION HISTORY

PL 1997, c. 398, §I35 (NEW). PL 1999, c. 218, §§21,22 (AMD). PL 2001, c. 44, §11 (AMD). PL 2001, c. 44, §14 (AFF). PL 2001, c. 211, §14 (AMD).

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