



# Senate

General Assembly

**File No. 45**

February Session, 2002

Substitute Senate Bill No. 93

*Senate, March 18, 2002*

The Committee on Banks reported through SEN. MCDERMOTT of the 34th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING BANK POWERS AND TRANSACTIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-2 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in this title, unless the context otherwise requires:

4 (1) "Affiliate" of a person means any person controlling, controlled  
5 by, or under common control with, that person;

6 (2) "Applicant" with respect to any license or approval provision  
7 pursuant to this title means a person who applies for that license or  
8 approval;

9 (3) "Automated teller machine" means a stationary or mobile  
10 unattended device, including a satellite device but excluding a point of  
11 sale terminal, at which banking transactions, including, but not limited  
12 to, deposits, withdrawals, advances, payments or transfers, may be

13 conducted;

14 (4) "Bank" means a Connecticut bank or a federal bank;

15 (5) "Bank and trust company" means an institution chartered or  
16 organized under the laws of this state as a bank and trust company;

17 (6) "Bank holding company" has the meaning given to that term in  
18 12 USC Section 1841(a), as from time to time amended, except that the  
19 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-  
20 of-state bank that functions solely in a trust or fiduciary capacity;

21 (7) "Capital stock" when used in conjunction with any bank or out-  
22 of-state bank means a bank or out-of-state bank that is authorized to  
23 accumulate funds through the issuance of its capital stock;

24 (8) "Club deposit" means deposits to be received at regular intervals,  
25 the whole amount deposited to be withdrawn by the owner or repaid  
26 by the bank in not more than fifteen months from the date of the first  
27 deposit, and upon which no interest or dividends need to be paid;

28 (9) "Commissioner" means the Commissioner of Banking and, with  
29 respect to any function of the commissioner, includes any person  
30 authorized or designated by the commissioner to carry out that  
31 function;

32 (10) "Company" means any corporation, joint stock company, trust,  
33 association, partnership, limited partnership, unincorporated  
34 organization, limited liability company or similar organization, but  
35 does not include (A) any corporation the majority of the shares of  
36 which are owned by the United States or by any state, or (B) any trust  
37 which by its terms must terminate within twenty-five years or not later  
38 than twenty-one years and ten months after the death of beneficiaries  
39 living on the effective date of the trust;

40 (11) "Connecticut bank" means a bank and trust company, savings  
41 bank or savings and loan association chartered or organized under the  
42 laws of this state;

43 (12) "Connecticut credit union" means a cooperative, nonprofit  
44 association, the membership of which is limited as provided in section  
45 36a-438, as amended, which is incorporated without capital stock  
46 under the laws of this state and licensed under chapter 667 for the  
47 purposes of encouraging thrift among its members, creating a source  
48 of credit at a fair and reasonable rate of interest and providing an  
49 opportunity for its members to use and control their own money to  
50 improve their economic and social condition;

51 (13) "Consolidation" means a combination of two or more  
52 institutions into a new institution; all institutions party to the  
53 consolidation, other than the new institution, are "constituent"  
54 institutions; the new institution is the "resulting" institution;

55 (14) "Control" has the meaning given to that term in 12 USC Section  
56 1841(a), as from time to time amended;

57 (15) "Customer" means any person using a service offered by a  
58 financial institution;

59 (16) "Demand account" means an account into which demand  
60 deposits may be made;

61 (17) "Demand deposit" means a deposit that is payable on demand,  
62 a deposit issued with an original maturity or required notice period of  
63 less than seven days or a deposit representing funds for which the  
64 bank does not reserve the right to require at least seven days' written  
65 notice of the intended withdrawal, but does not include any time  
66 deposit;

67 (18) "Deposit" means funds deposited with a depository;

68 (19) "Deposit account" means an account into which deposits may  
69 be made;

70 (20) "Depositor" includes a member of a mutual savings and loan  
71 association;

72 (21) "Director" means a member of the governing board of a  
73 financial institution;

74 (22) "Equity capital" means the excess of a Connecticut bank's total  
75 assets over its total liabilities, as defined in the instructions of the  
76 federal Financial Institutions Examination Council for consolidated  
77 reports of condition and income;

78 (23) "Executive officer" means every officer of a Connecticut bank  
79 who participates or has authority to participate, otherwise than in the  
80 capacity of a director, in major policy-making functions of such bank,  
81 regardless of whether such officer has an official title or whether that  
82 title contains a designation of assistant and regardless of whether such  
83 officer is serving without salary or other compensation. The president,  
84 vice president, secretary and treasurer of such bank are deemed to be  
85 executive officers, unless, by resolution of the governing board or by  
86 such bank's bylaws, any such officer is excluded from participation in  
87 major policy-making functions, otherwise than in the capacity of a  
88 director of such bank, and such officer does not actually participate in  
89 such policy-making functions;

90 (24) "Federal agency" has the meaning given to that term in 12 USC  
91 Section 3101, as from time to time amended;

92 (25) "Federal bank" means a national banking association, federal  
93 savings bank or federal savings and loan association having its  
94 principal office in this state;

95 (26) "Federal branch" has the meaning given to that term in 12 USC  
96 Section 3101, as from time to time amended;

97 (27) "Federal credit union" means any institution chartered or  
98 organized as a federal credit union pursuant to the laws of the United  
99 States having its principal office in this state;

100 (28) "Fiduciary" means a person undertaking to act alone or jointly  
101 with others primarily for the benefit of another or others in all matters  
102 connected with its undertaking and includes a person acting in the

103 capacity of trustee, executor, administrator, guardian, assignee,  
104 receiver, conservator, agent, custodian under the Connecticut Uniform  
105 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
106 in any other similar capacity;

107 (29) "Financial institution" means any Connecticut bank,  
108 Connecticut credit union, or other person whose activities in this state  
109 are subject to the supervision of the commissioner, but does not  
110 include a person whose activities are subject to the supervision of the  
111 commissioner solely pursuant to chapter 672a, 672b or 672c or any  
112 combination thereof;

113 (30) "Foreign bank" has the meaning given to that term in 12 USC  
114 Section 3101, as from time to time amended;

115 (31) "Foreign country" means any country other than the United  
116 States and includes any colony, dependency or possession of any such  
117 country;

118 (32) "Governing board" means the group of persons vested with the  
119 management of the affairs of a financial institution irrespective of the  
120 name by which such group is designated;

121 (33) "Holding company" means a bank holding company or a  
122 savings and loan holding company, except, as used in sections 36a-180  
123 to 36a-191, inclusive, "holding company" means a company that  
124 controls a bank;

125 (34) "Insured depository institution" has the meaning given to that  
126 term in 12 USC Section 1813, as from time to time amended;

127 (35) "Licensee" means any person who is licensed or required to be  
128 licensed pursuant to the applicable provisions of this title;

129 (36) "Loan" includes any line of credit or other extension of credit;

130 (37) "Merger" means the combination of one or more institutions  
131 with another which continues its corporate existence; all institutions

132 party to the merger are "constituent" institutions; the merging  
133 institution which upon the merger continues its existence is the  
134 "resulting" institution;

135 (38) "Mutual" when used in conjunction with any institution that is a  
136 bank or out-of-state bank means any such institution without capital  
137 stock;

138 (39) "Mutual holding company" means [any mutual savings bank or  
139 mutual savings and loan association reorganized or any nonstock  
140 corporation formed in connection with a reorganization pursuant to] a  
141 mutual holding company organized under sections 36a-192 to 36a-199,  
142 inclusive, [to hold a majority of the ordinary voting shares of a  
143 reorganized savings institution] and unless otherwise indicated, a  
144 subsidiary holding company controlled by a mutual holding company  
145 organized under sections 36a-192 to 36a-199, inclusive;

146 (40) "Out-of-state" includes any state other than Connecticut and  
147 any foreign country;

148 (41) "Out-of-state bank" means any institution that engages in the  
149 business of banking, but does not include a bank, Connecticut credit  
150 union, federal credit union or out-of-state credit union;

151 (42) "Out-of-state credit union" means any credit union other than a  
152 Connecticut credit union or a federal credit union;

153 (43) "Out-of-state trust company" means any company chartered to  
154 act as a fiduciary but does not include a company chartered under the  
155 laws of this state, a bank, an out-of-state bank, a Connecticut credit  
156 union, a federal credit union or an out-of-state credit union;

157 (44) "Person" means an individual, company, including a company  
158 described in subparagraphs (A) and (B) of subdivision (10) of this  
159 section, or any other legal entity, including a federal, state or municipal  
160 government or agency or any political subdivision thereof;

161 (45) "Point of sale terminal" means a device located in a commercial

162 establishment at which sales transactions can be charged directly to the  
163 buyer's deposit, loan or credit account, but at which deposit  
164 transactions cannot be conducted;

165 (46) "Reorganized savings bank" means any savings bank  
166 incorporated and organized in accordance with sections 36a-192 and  
167 36a-193; [a majority of the ordinary voting shares of which is owned by  
168 a mutual holding company;]

169 (47) "Reorganized savings and loan association" means any savings  
170 and loan association incorporated and organized in accordance with  
171 sections 36a-192 and 36a-193; [a majority of the ordinary voting shares  
172 of which is owned by a mutual holding company;]

173 (48) "Reorganized savings institution" means any reorganized  
174 savings bank or reorganized savings and loan association;

175 (49) "Representative office" has the meaning given to that term in 12  
176 USC Section 3101, as from time to time amended;

177 (50) "Reserves for loan and lease losses" means the amounts  
178 reserved by a Connecticut bank against possible loan and lease losses  
179 as shown on the bank's consolidated reports of condition and income;

180 (51) "Satellite device" means an automated teller machine which is  
181 not part of an office of the bank, Connecticut credit union or federal  
182 credit union which has established such machine;

183 (52) "Savings account" means a deposit account, other than an  
184 escrow account established pursuant to section 49-2a, into which  
185 savings deposits may be made and which account must be evidenced  
186 by periodic statements delivered at least semiannually or by a  
187 passbook;

188 (53) "Savings and loan association" means an institution chartered or  
189 organized under the laws of this state as a savings and loan  
190 association;

191 (54) "Savings bank" means an institution chartered or organized  
192 under the laws of this state as a savings bank;

193 (55) "Savings deposit" means any deposit other than a demand  
194 deposit or time deposit on which interest or a dividend is paid  
195 periodically;

196 (56) "Savings and loan holding company" has the meaning given to  
197 that term in 12 USC Section 1467a, as from time to time amended;

198 (57) "State" means any state of the United States, the District of  
199 Columbia, any territory of the United States, Puerto Rico, Guam,  
200 American Samoa, the trust territory of the Pacific Islands, the Virgin  
201 Islands and the Northern Mariana Islands;

202 (58) "State agency" has the meaning given to that term in 12 USC  
203 Section 3101, as from time to time amended;

204 (59) "State branch" has the meaning given to that term in 12 USC  
205 Section 3101, as from time to time amended;

206 (60) "Subsidiary" has the meaning given to that term in 12 USC  
207 Section 1841(d), as from time to time amended;

208 (61) "Subsidiary holding company" means a stock holding company,  
209 controlled by a mutual holding company, that holds one hundred per  
210 cent of the stock of a reorganized savings institution;

211 [(61)] (62) "Supervisory agency" means: (A) The commissioner; (B)  
212 the Federal Deposit Insurance Corporation; (C) the Resolution Trust  
213 Corporation; (D) the Office of Thrift Supervision; (E) the National  
214 Credit Union Administration; (F) the Board of Governors of the  
215 Federal Reserve System; (G) the United States Comptroller of the  
216 Currency; and (H) any successor to any of the foregoing agencies or  
217 individuals;

218 [(62)] (63) "Time account" means an account into which time  
219 deposits may be made; and

220        [(63)] (64) "Time deposit" means a deposit that the depositor does  
221 not have a right and is not permitted to make withdrawals from within  
222 six days after the date of deposit, unless the deposit is subject to an  
223 early withdrawal penalty of at least seven days' simple interest on  
224 amounts withdrawn within the first six days after deposit, subject to  
225 those exceptions permissible under Title 12, Part 204 of the Code of  
226 Federal Regulations, as from time to time amended.

227        Sec. 2. Subsection (b) of section 36a-23 of the general statutes is  
228 repealed and the following is substituted in lieu thereof (*Effective*  
229 *October 1, 2002*):

230        (b) The commissioner may authorize the closing of all banks or  
231 Connecticut credit unions in this state or all banks or Connecticut  
232 credit unions in any specified towns or counties or any office of any  
233 bank or Connecticut credit union whenever it appears to the  
234 commissioner that such action is required as a result of an emergency,  
235 or for good cause shown.

236        Sec. 3. Subdivision (1) of subsection (d) of section 36a-65 of the  
237 general statutes, as amended by section 1 of public act 01-183, is  
238 repealed and the following is substituted in lieu thereof (*Effective*  
239 *October 1, 2002*):

240        (d) (1) The fee for investigating and processing each application is as  
241 follows:

242        (A) Establishment of (i) a branch under subdivision (1) of subsection  
243 (b) of section 36a-145, as amended by this act, two thousand dollars;  
244 (ii) a mobile branch under subsection (d) of section 36a-145, as  
245 amended by this act, one thousand five hundred dollars; (iii) a limited  
246 branch under subdivision (1) of subsection (c) of section 36a-145, as  
247 amended by this act, one thousand five hundred dollars; (iv) a special  
248 need limited branch under subdivision (2) of subsection (c) of section  
249 36a-145, as amended by this act, five hundred dollars; (v) an out-of-  
250 state branch under subsection (i) of section 36a-145, as amended by  
251 this act, a reasonable fee not to exceed two thousand dollars from

252 which any fees paid to a state other than this state or to a foreign  
253 country in connection with the establishment shall be deducted; and  
254 (vi) an out-of-state limited or mobile branch under subsection (i) of  
255 section 36a-145, as amended by this act, a reasonable fee not to exceed  
256 one thousand five hundred dollars from which any fees paid to a state  
257 other than this state or to a foreign country in connection with the  
258 establishment shall be deducted.

259 (B) Sale of (i) a branch under subsection (h) of section 36a-145, as  
260 amended by this act, two thousand dollars, except there shall be no fee  
261 for the sale of a branch of a Connecticut bank to another Connecticut  
262 bank or to a Connecticut credit union; and (ii) a limited branch,  
263 including a special need limited branch or mobile branch under  
264 subsection (h) of section 36a-145, as amended by this act, a fee not to  
265 exceed one thousand five hundred dollars.

266 (C) Relocation of (i) a main office of a Connecticut bank under  
267 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
268 or a limited branch under subsection (g) of section 36a-145, as  
269 amended by this act, five hundred dollars.

270 (D) Conversions from (i) a branch to a limited branch under  
271 subdivision (1) of subsection (c) of section 36a-145, as amended by this  
272 act; and (ii) a limited branch to a branch under subdivision [(1)] (4) of  
273 subsection (b) of section 36a-145, as amended by this act, five hundred  
274 dollars.

275 (E) Merger or consolidation of a Connecticut bank under section  
276 36a-125, as amended by this act, or subsection (a) of section 36a-126, as  
277 amended by this act, two thousand five hundred dollars if two  
278 institutions are involved and five thousand dollars if three or more  
279 institutions are involved.

280 (F) Purchase of assets or assumption of liabilities, other than by a  
281 Connecticut credit union or federal credit union, under section 36a-  
282 210, two thousand five hundred dollars.

283 (G) Organization of a holding company under section 36a-181, two  
284 thousand five hundred dollars.

285 (H) Organization of any Connecticut bank under section 36a-70, as  
286 amended by this act, fifteen thousand dollars, except no fee shall be  
287 required for the organization of an interim Connecticut bank.

288 (I) Reorganization of a mutual savings bank or mutual savings and  
289 loan association into a mutual holding company under section 36a-192,  
290 five thousand dollars.

291 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
292 thousand dollars; (ii) sections 36a-469a, 36a-252, as amended by this  
293 act, and 36a-252a, as amended by this act, two thousand five hundred  
294 dollars; and (iii) section 10 of [this act] public act 01-183, fifteen  
295 thousand dollars.

296 (K) Acquiring, altering or improving real estate for present or future  
297 use of the bank or purchasing real estate adjoining any parcel of real  
298 estate owned by the bank under subdivision (33) of subsection (a) of  
299 section 36a-250, as amended by this act, five hundred dollars.

300 Sec. 4. Section 36a-70 of the general statutes, as amended by section  
301 2 of public act 01-183, is repealed and the following is substituted in  
302 lieu thereof (*Effective October 1, 2002*):

303 (a) One or more persons may organize a Connecticut bank.

304 (b) Except as otherwise provided in this section, any such  
305 Connecticut bank shall commence business with a minimum equity  
306 capital of at least five million dollars. Any Connecticut bank organized  
307 to function solely in a fiduciary capacity shall commence business with  
308 a minimum equity capital of at least two million dollars. Such equity  
309 capital shall be paid for in cash before any Connecticut bank  
310 commences business. For purposes of this section, nonwithdrawable  
311 accounts and pledged deposits of mutual savings banks and mutual  
312 savings and loan associations shall constitute capital of such mutual  
313 banks and associations to the extent that such accounts or deposits

314 have no fixed maturity date, cannot be withdrawn at the option of the  
315 account holders and do not earn interest that carries over to  
316 subsequent periods.

317 (c) The person or persons organizing a Connecticut bank shall  
318 execute, acknowledge and file with the commissioner an application to  
319 organize. Such application to organize shall include: (1) A proposed  
320 certificate of incorporation stating: (A) The name and type of the  
321 Connecticut bank; (B) the town in which the main office is to be  
322 located; (C) in the case of a capital stock Connecticut bank, the amount,  
323 authorized number and par value, if any, of shares of its capital stock;  
324 (D) the minimum amount of equity capital with which the Connecticut  
325 bank shall commence business, which amount may be less than its  
326 authorized capital but shall not be less than that required by  
327 subsection (b) of this section; (E) the name, occupation and residence,  
328 post office or business address of each organizer and prospective  
329 initial director of the Connecticut bank; and (2) a proposed business  
330 plan. The organizers shall separately file with the commissioner a  
331 notice of the residence of each organizer and prospective initial  
332 director whose residence address is not included in the proposed  
333 certificate of incorporation.

334 (d) Within twenty days after receipt of the application to organize,  
335 the commissioner shall order, at the expense of the organizers, an  
336 independent feasibility study and an independent three-year financial  
337 forecast prepared by a certified public accounting firm or other  
338 professional firm designated by the commissioner.

339 (e) Upon receipt of the feasibility study and financial forecast  
340 required by subsection (d) of this section, the commissioner shall issue  
341 an order designating a time and place for a hearing on the application.  
342 Such hearing shall be held in accordance with chapter 54 not more  
343 than thirty days from receipt of such feasibility study and financial  
344 forecast. A copy of such feasibility study and financial forecast shall be  
345 made available to the organizers. Any exhibit or documentation  
346 submitted to the commissioner by the organizers at the time of filing or

347 by the preparer or preparers of the feasibility study and financial  
348 forecast, other than financial statements and biographical information  
349 relating to the individual organizers, shall be available for public  
350 inspection prior to such hearing unless the commissioner determines  
351 that good cause exists to keep any such exhibit or documentation  
352 confidential.

353 (f) The organizers shall cause to be published a copy of the  
354 proposed certificate of incorporation and the time and place set for the  
355 hearing once a week for three consecutive weeks prior to the date of  
356 the hearing, in a newspaper designated by the commissioner  
357 published in the town where the main office of the Connecticut bank is  
358 to be located or, if there is no newspaper published in such town, in a  
359 newspaper having a circulation therein; and a like copy sent by  
360 registered or certified mail, return receipt requested, to each bank and  
361 out-of-state bank having its main office or a branch in such town, not  
362 less than twenty days prior to the hearing.

363 (g) For applications to organize bank and trust companies and  
364 capital stock savings banks, the commissioner shall notify the State  
365 Treasurer and State Comptroller of the time and place of the hearing.

366 (h) (1) The approving authority shall consider the following factors  
367 before granting a temporary certificate of authority: (A) The  
368 population of the area to be served by the proposed Connecticut bank;  
369 (B) the adequacy of existing banking facilities in the area to be served  
370 by the proposed Connecticut bank; (C) the convenience and necessity  
371 to the public of the proposed facilities; and (D) the character and  
372 experience of the proposed directors and officers. (2) The application  
373 shall be approved if the approving authority determines: (A) That the  
374 interest of the public will be served to advantage by the establishment  
375 of the proposed Connecticut bank; (B) that conditions in the locality in  
376 which the proposed bank will transact business afford reasonable  
377 promise of successful operation; and (C) that the proposed directors  
378 possess capacity and fitness for the duties and responsibilities with  
379 which they will be charged. (3) Except as otherwise provided in

380 subsections (p), (q), (r), (s) and (t) of this section, the approving  
381 authority shall be, in the case of an application to organize a bank and  
382 trust company or a capital stock savings bank, a majority of the  
383 commissioner, State Treasurer, and State Comptroller, and, in the case  
384 of an application to organize a mutual savings bank or a mutual or  
385 capital stock savings and loan association, the commissioner acting  
386 alone.

387 (i) If the application is approved by the approving authority, a  
388 temporary certificate of authority, valid for eighteen months, shall be  
389 issued to the organizers authorizing them to complete the organization  
390 of the Connecticut bank. The organizers shall thereupon file one copy  
391 of the temporary certificate of authority and one copy of the certificate  
392 of incorporation with the Secretary of the State. The commissioner  
393 may, upon the application of the organizers and after a hearing  
394 thereon, extend, for cause, the period for which the temporary  
395 certificate of authority is valid.

396 (j) If the application is not approved by the approving authority, the  
397 approving authority shall, in writing, so notify the organizers. An  
398 appeal from the decision approving or disapproving the application  
399 may be taken in accordance with chapter 54.

400 [(k) An appeal from the decision approving or disapproving the  
401 application may be taken in accordance with chapter 54.]

402 (k) (1) Prior to the issuance of a final certificate of authority, the  
403 organizers may (A) with the approval of the commissioner, amend the  
404 proposed certificate of incorporation to change (i) the name or the type  
405 of the Connecticut bank, (ii) the town in which the main office of the  
406 Connecticut bank is to be located, (iii) in the case of a capital stock  
407 Connecticut bank, the amount, authorized number and par value, if  
408 any, of shares of its capital stock, or (iv) the name of an organizer or  
409 prospective initial director of the Connecticut bank; (B) with the  
410 approval of the approving authority, amend a material provision of  
411 the proposed business plan, or amend the proposed certificate of  
412 incorporation to change the minimum amount of equity capital with

413 which the Connecticut bank shall commence business, which amount  
414 may be less than its authorized capital but not less than that required  
415 by subsection (b) of this section; or (C) file notice with the  
416 commissioner to amend the proposed certificate of incorporation to  
417 change the occupation or residence, post office or business address of  
418 any organizer or prospective initial director of the Connecticut bank.

419 (2) Upon receipt of an application to change the name of a  
420 Connecticut bank under subparagraph (A)(i) of subdivision (1) of this  
421 subsection, the commissioner shall cause notice of the filing of such  
422 application to be published in the department's weekly bulletin. The  
423 notice shall state that written objections to such application may be  
424 made, for a period of thirty days from the date of publication of the  
425 bulletin, on the grounds that the name selected will tend to confuse the  
426 public. If, in the opinion of the commissioner, the name selected by the  
427 organizers will not tend to confuse the public and if no objection is  
428 filed, the commissioner shall approve such change of name. If, in the  
429 opinion of the commissioner, the name selected will tend to confuse  
430 the public or if an objection is filed, the commissioner shall order a  
431 hearing to be held not less than twenty or more than thirty days from  
432 the date originally set for the filing of objections to the application for  
433 change of name, and notice of such hearing shall be published in the  
434 department's weekly bulletin at least fourteen days prior to the  
435 hearing. At the hearing, the commissioner shall hear all persons  
436 desiring to be heard and shall make a ruling within fifteen days.

437 (3) The organizers shall file with the Secretary of the State any  
438 approval issued pursuant to this subsection, and the approved  
439 amendment shall become effective upon such filing. In the case of an  
440 amendment notice pursuant to subparagraph (C) of subdivision (1) of  
441 this subsection, the organizers shall file such amendment with the  
442 Secretary of the State, and such amendment shall become effective  
443 upon such filing.

444 (l) The approving authority shall cause to be made an examination  
445 of the proposed Connecticut bank upon notice from the organizers that

446 the following conditions have occurred: (1) The proposed bank has  
447 been fully organized according to law; (2) the State Treasurer has been  
448 paid the franchise tax and filing fee specified in subsection (o) of this  
449 section; (3) the proposed bank has raised the minimum equity capital  
450 required; and (4) in the case of a proposed capital stock Connecticut  
451 bank, a certified list of each subscriber who will own at least five per  
452 cent of any class of voting securities of the proposed bank, showing the  
453 number of shares owned by each, has been filed with the  
454 commissioner. If all provisions of law have been complied with, a final  
455 certificate of authority to commence the business for which the bank  
456 was organized shall be issued by the approving authority, except as  
457 provided in subdivision (5) of subsection (r) of this section. One copy  
458 of the final certificate shall be filed with the Secretary of the State, one  
459 copy shall be retained by the bank, and one copy shall be retained by  
460 the commissioner.

461 (m) The reasonable charges and expenses of organization or  
462 reorganization of a capital stock Connecticut bank, and the reasonable  
463 expenses of any compensation or discount for the sale, underwriting or  
464 purchase of its shares, may be paid or allowed by such bank out of the  
465 par value received by it for its shares, or in the case of shares without  
466 par value, out of the stated capital received by it for its shares, without  
467 rendering such shares not fully paid and nonassessable.

468 (n) The Connecticut bank shall not commence business until a final  
469 certificate of authority has been issued in accordance with subsection  
470 (l) of this section and, except in the case of a Connecticut bank  
471 organized to function solely in a fiduciary capacity, an interim  
472 Connecticut bank organized pursuant to subsection (p) of this section,  
473 or an uninsured bank organized pursuant to subsection (t) of this  
474 section, until its insurable accounts or deposits are insured by the  
475 Federal Deposit Insurance Corporation or its successor agency. The  
476 acceptance of subscriptions for deposits by a mutual savings bank or  
477 mutual savings and loan association as may be necessary to obtain  
478 insurance by the Federal Deposit Insurance Corporation or its  
479 successor agency shall not be considered to be commencing business.

480 No Connecticut bank other than a Connecticut bank organized to  
481 function solely in a fiduciary capacity may exercise any of the fiduciary  
482 powers granted to Connecticut banks by law until express authority  
483 therefor has been given by the commissioner.

484 (o) Prior to the issuance of a final certificate of authority to  
485 commence business in accordance with subsection (l) of this section,  
486 the Connecticut bank shall pay to the State Treasurer a franchise tax,  
487 together with a filing fee of twenty dollars for the required papers. The  
488 franchise tax for a mutual savings bank and mutual savings and loan  
489 association shall be thirty dollars. The franchise tax for all capital stock  
490 Connecticut banks shall be one cent per share of the authorized capital  
491 stock.

492 (p) One or more persons may organize an interim Connecticut bank  
493 solely (1) for the acquisition of an existing bank, whether by  
494 acquisition of stock, by acquisition of assets, or by merger or  
495 consolidation, or (2) to facilitate any other corporate transaction  
496 authorized by this title in which the commissioner has determined that  
497 such transaction has adequate regulatory supervision to justify the  
498 organization of an interim Connecticut bank. Such interim Connecticut  
499 bank shall not accept deposits or otherwise commence business.  
500 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)  
501 of this section shall not apply to the organization of an interim bank,  
502 provided the commissioner may, in the commissioner's discretion,  
503 order a hearing under subsection (e) or require that the organizers  
504 publish or mail the proposed certificate of incorporation or both. The  
505 approving authority for an interim Connecticut bank shall be the  
506 commissioner acting alone. If the approving authority determines that  
507 the organization of the interim Connecticut bank complies with  
508 applicable law, the approving authority shall issue a temporary  
509 certificate of authority conditioned on the approval by the appropriate  
510 supervisory agency of the corporate transaction for which the interim  
511 Connecticut bank is formed.

512 (q) (1) As used in this subsection, "bankers' bank" means a

513 Connecticut bank that is (A) owned exclusively by any combination of  
514 banks, out-of-state banks, Connecticut credit unions, federal credit  
515 unions, or out-of-state credit unions having their principal office in  
516 Connecticut, Maine, Massachusetts, New Hampshire, New York,  
517 Rhode Island or Vermont, and (B) organized to engage exclusively in  
518 providing services for such other banks, out-of-state banks,  
519 Connecticut credit unions, federal credit unions, or out-of-state credit  
520 unions and their directors, officers and employees.

521 (2) One or more persons may organize a bankers' bank in  
522 accordance with the provisions of this section, except that subsections  
523 (g) and (h) of this section shall not apply. The approving authority for  
524 a bankers' bank shall be the commissioner acting alone. Before  
525 granting a temporary certificate of authority in the case of an  
526 application to organize a bankers' bank, the approving authority shall  
527 consider (A) whether the proposed bankers' bank will facilitate the  
528 provision of services that such banks, out-of-state banks, Connecticut  
529 credit unions, federal credit unions, or out-of-state credit unions would  
530 not otherwise be able to readily obtain, and (B) the character and  
531 experience of the proposed directors and officers. The application to  
532 organize a bankers' bank shall be approved if the approving authority  
533 determines that the interest of the public will be directly or indirectly  
534 served to advantage by the establishment of the proposed bankers'  
535 bank, and the proposed directors possess capacity and fitness for the  
536 duties and responsibilities with which they will be charged.

537 (3) A bankers' bank shall have all of the powers of and be subject to  
538 all of the requirements applicable to a Connecticut bank under this title  
539 which are not inconsistent with this subsection, except: (A) A bankers'  
540 bank may provide services only for other banks, out-of-state banks,  
541 Connecticut credit unions, federal credit unions, or out-of-state credit  
542 unions having their principal office in Maine, Massachusetts, New  
543 Hampshire, New York, Rhode Island or Vermont and for the directors,  
544 officers and employees of such banks, out-of-state banks, Connecticut  
545 credit unions, federal credit unions, or out-of-state credit unions; (B)  
546 only such other banks, out-of-state banks, Connecticut credit unions,

547 federal credit unions, or out-of-state credit unions, may own the capital  
548 stock of or otherwise invest in a bankers' bank; (C) upon the written  
549 request of the organizers of a bankers' bank, the commissioner may  
550 waive specific requirements of this title and the regulations adopted  
551 thereunder if the commissioner finds that (i) the requirement pertains  
552 primarily to banks that provide retail or consumer banking services  
553 and is inconsistent with this subsection, and (ii) the requirement may  
554 impede the ability of the bankers' bank to compete or to provide  
555 desired services to its market provided, any such waiver and the  
556 commissioner's findings shall be in writing and shall be made  
557 available for public inspection; and (D) the commissioner may, by  
558 regulation, limit the powers that may be exercised by a bankers' bank.

559 (4) The commissioner may adopt regulations, in accordance with  
560 chapter 54, to administer the provisions of this subsection.

561 (r) (1) As used in this subsection and section 36a-252, as amended by  
562 this act, "community bank" means a Connecticut bank that is organized  
563 pursuant to this subsection and is subject to the provisions of this  
564 subsection and section 36a-252, as amended by this act.

565 (2) One or more persons may organize a community bank in  
566 accordance with the provisions of this section, except that subsection  
567 (g) of this section shall not apply. Any such community bank shall  
568 commence business with a minimum equity capital of at least three  
569 million dollars. The approving authority for a community bank shall  
570 be the commissioner acting alone. In addition to the considerations  
571 and determinations required by subsection (h) of this section, before  
572 granting a temporary certificate of authority to organize a community  
573 bank, the approving authority shall determine that (A) each of the  
574 proposed directors and proposed executive officers, as defined in  
575 subparagraph (D) of subdivision (3) of this subsection, possesses  
576 capacity and fitness for the duties and responsibilities with which such  
577 director or officer will be charged, and (B) there is satisfactory  
578 community support for the proposed community bank based on  
579 evidence of such support provided by the organizers to the approving

580 authority. If the approving authority cannot make such determination  
581 with respect to any such proposed director or proposed executive  
582 officer, the approving authority may refuse to allow such proposed  
583 director or proposed executive officer to serve in such capacity in the  
584 proposed community bank.

585 (3) A community bank shall have all of the powers of and be subject  
586 to all of the requirements and limitations applicable to a Connecticut  
587 bank under this title which are not inconsistent with this subsection,  
588 except: (A) No community bank may (i) exercise any of the fiduciary  
589 powers granted to Connecticut banks by law until express authority  
590 therefor has been given by the approving authority, (ii) establish and  
591 maintain one or more mutual funds, (iii) invest in derivative securities  
592 other than mortgage backed securities fully guaranteed by  
593 governmental agencies or government sponsored agencies, (iv) own  
594 any real estate for the present or future use of the bank unless the  
595 approving authority finds, based on an independently prepared  
596 analysis of costs and benefits, that it would be less costly to the bank to  
597 own instead of lease such real estate, or (v) make mortgage loans  
598 secured by nonresidential real estate the aggregate amount of which, at  
599 the time of origination, exceeds ten per cent of all assets of such bank;  
600 (B) the aggregate amount of all loans made by a community bank shall  
601 not exceed eighty per cent of the total deposits held by such bank; (C)  
602 (i) the total direct or indirect liabilities of any one obligor, whether or  
603 not fully secured and however incurred, to any community bank,  
604 exclusive of such bank's investment in the investment securities of  
605 such obligor, shall not exceed at the time incurred ten per cent of the  
606 equity capital and reserves for loan and lease losses of such bank, and  
607 (ii) the limitations set forth in subsection (a) of section 36a-262 shall  
608 apply to this subparagraph; and (D) the limitations set forth in  
609 subsection (a) of section 36a-263 shall apply to all community banks,  
610 provided, a community bank may (i) make a mortgage loan to any  
611 director or executive officer secured by premises occupied or to be  
612 occupied by such director or officer as a primary residence, (ii) make  
613 an educational loan to any director or executive officer for the  
614 education of any child of such director or executive officer, and (iii)

615 extend credit to any director or executive officer in an amount not  
616 exceeding ten thousand dollars for extensions of credit not otherwise  
617 specifically authorized in this subparagraph. The aggregate amount of  
618 all loans or extensions of credit made by a community bank pursuant  
619 to this subparagraph shall not exceed thirty-three and one-third per  
620 cent of the equity capital and reserves for loan and lease losses of such  
621 bank. As used in this subparagraph, "executive officer" means every  
622 officer of a community bank who participates or has authority to  
623 participate, other than in the capacity of a director, in major  
624 policy-making functions of the bank, regardless of whether such  
625 officer has an official title or whether such officer serves without salary  
626 or other compensation. The vice president, chief financial officer,  
627 secretary and treasurer of a community bank are presumed to be  
628 executive officers unless, by resolution of the governing board or by  
629 the bank's bylaws, any such officer is excluded from participation in  
630 major policy-making functions, other than in the capacity of a director  
631 of the bank, and such officer does not actually participate in major  
632 policy-making functions.

633 (4) The audit and examination requirements set forth in section  
634 36a-86, as amended, shall apply to each community bank.

635 (5) Any organizers who filed an application to organize a  
636 Connecticut bank under this section prior to November 1, 1996, and  
637 have not been issued or denied a final certificate of authority under  
638 subsection (l) of this section, and who give notice to the applicable  
639 approving authority specified in subsection (h) of this section that the  
640 proposed bank has raised equity capital in an amount not less than  
641 three million dollars, may amend such application to an application to  
642 organize a community bank under this subsection. Such organizers  
643 shall file (A) an amended certificate of incorporation limiting the  
644 powers of the proposed bank in accordance with this subsection, (B) an  
645 amended proposed business plan, (C) an amended feasibility study,  
646 (D) an amended three-year financial forecast prepared by a certified  
647 public accounting firm or other professional firm approved by the  
648 commissioner, and (E) evidence satisfactory to the approving authority

649 under this subsection that there is community support for the  
650 proposed community bank. Within twenty days after receipt of the  
651 amended feasibility study, the commissioner may, at the expense of  
652 the organizers, order an independent feasibility study. The approving  
653 authority under this subsection shall make the considerations and  
654 determinations required by subdivision (2) of this subsection. If the  
655 amended application is approved by the approving authority under  
656 this subsection and the organizers have given notice to said approving  
657 authority that the requirements of subsection (l) of this section have  
658 been met, a final certificate of authority to commence business as a  
659 community bank shall be issued by the approving authority under this  
660 subsection.

661 (6) The commissioner may adopt regulations, in accordance with  
662 chapter 54, to administer the provisions of this subsection and section  
663 36a-252, as amended by this act.

664 (s) (1) As used in this subsection, "community development bank"  
665 means a Connecticut bank that is organized to serve the banking needs  
666 of a well-defined neighborhood, community or other geographic area  
667 as determined by the commissioner, primarily, but not exclusively, by  
668 making commercial loans in amounts of one hundred fifty thousand  
669 dollars or less to existing businesses or to persons seeking to establish  
670 businesses located within such neighborhood, community or  
671 geographic area.

672 (2) One or more persons may organize a community development  
673 bank in accordance with the provisions of this section, except that  
674 subsection (g) of this section shall not apply. The approving authority  
675 for a community development bank shall be the commissioner acting  
676 alone. Any such community development bank shall commence  
677 business with a minimum equity capital determined by the  
678 commissioner to be appropriate for the proposed activities of such  
679 bank, provided, if such proposed activities include accepting deposits,  
680 such minimum equity capital shall be sufficient to enable such deposits  
681 to be insured by the Federal Deposit Insurance Corporation or its

682 successor agency.

683 (3) The state, acting through the State Treasurer, may be the sole  
684 organizer of a community development bank or may participate with  
685 any other person or persons in the organization of any community  
686 development bank, and may own all or a part of any capital stock of  
687 such bank. No application fee shall be required under subparagraph  
688 (E) of subdivision (1) of subsection (d) of section 36a-65, as amended  
689 by this act, and no franchise tax shall be required under subsection (o)  
690 of this section for any community development bank organized by or  
691 in participation with the state.

692 (4) In addition to the considerations and determinations required by  
693 subsection (h) of this section, before granting a temporary certificate of  
694 authority to organize a community development bank, the approving  
695 authority shall determine that (A) each of the proposed directors and  
696 proposed executive officers possesses capacity and fitness for the  
697 duties and responsibilities with which such director or officer will be  
698 charged, and (B) there is satisfactory community support for the  
699 proposed community development bank based on evidence of such  
700 support provided by the organizers to the approving authority. If the  
701 approving authority cannot make such determination with respect to  
702 any such proposed director or proposed executive officer, the  
703 approving authority may refuse to allow such proposed director or  
704 proposed executive officer to serve in such capacity in the proposed  
705 community development bank. As used in this subdivision, "executive  
706 officer" means every officer of a community development bank who  
707 participates or has authority to participate, other than in the capacity of  
708 a director, in major policy-making functions of the bank, regardless of  
709 whether such officer has an official title or whether such officer serves  
710 without salary or other compensation. The vice president, chief  
711 financial officer, secretary and treasurer of a community development  
712 bank are presumed to be executive officers unless, by resolution of the  
713 governing board or by the bank's bylaws, any such officer is excluded  
714 from participation in major policy-making functions, other than in the  
715 capacity of a director of the bank, and such officer does not actually

716 participate in major policy-making functions.

717 (5) Notwithstanding any contrary provision of this title: (A) The  
718 commissioner may limit the powers that may be exercised by a  
719 community development bank or impose conditions on the exercise by  
720 such bank of any power allowed by this title as the commissioner  
721 deems necessary in the interest of the public and for the safety and  
722 soundness of the community development bank, provided, any such  
723 limitations or conditions, or both, shall be set forth in the final  
724 certificate of authority issued in accordance with subsection (l) of this  
725 section; and (B) the commissioner may waive in writing any  
726 requirement imposed on a community development bank under this  
727 title or any regulation adopted under this title if the commissioner  
728 finds that such requirement is inconsistent with the powers that may  
729 be exercised by such community development bank under its final  
730 certificate of authority.

731 (6) The commissioner may adopt regulations, in accordance with  
732 chapter 54, to carry out the provisions of this subsection.

733 (t) (1) As used in this subsection, "uninsured bank" means a  
734 Connecticut bank that does not accept retail deposits and for which  
735 insurance of deposits by the Federal Deposit Insurance Corporation or  
736 its successor agency is not required, and "retail deposits" means any  
737 deposits made by individuals who are not accredited investors, as  
738 defined in 17 CFR Section 230.501(a).

739 (2) One or more persons may organize an uninsured bank in  
740 accordance with the provisions of this section, except that subsection  
741 (g) of this section shall not apply. The approving authority for an  
742 uninsured bank shall be the commissioner acting alone. Any such  
743 uninsured bank shall commence business with a minimum equity  
744 capital of at least five million dollars unless the commissioner  
745 establishes a different minimum capital requirement for such  
746 uninsured bank based upon its proposed activities.

747 (3) An uninsured bank shall have all of the powers of and be subject

748 to all of the requirements and limitations applicable to a Connecticut  
749 bank under this title which are not inconsistent with this subsection,  
750 except no uninsured bank may accept retail deposits and,  
751 notwithstanding any provision of this title, sections 36a-30 to 36a-34,  
752 inclusive, do not apply to uninsured banks.

753 (4) (A) An uninsured bank shall display conspicuously, at each  
754 window or other place where deposits are usually accepted, a sign  
755 stating that deposits are not insured by the Federal Deposit Insurance  
756 Corporation or its successor agency.

757 (B) An uninsured bank shall either (i) include in boldface  
758 conspicuous type on each signature card, passbook, and instrument  
759 evidencing a deposit the following statement: "This deposit is not  
760 insured by the FDIC" or (ii) require each depositor to execute a  
761 statement that acknowledges that the initial deposit and all future  
762 deposits at the uninsured bank are not insured by the Federal Deposit  
763 Insurance Corporation or its successor agency. The uninsured bank  
764 shall retain such acknowledgment as long as the depositor maintains  
765 any deposit with the uninsured bank.

766 (C) An uninsured bank shall include on all of its deposit-related  
767 advertising a conspicuous statement that deposits are not insured by  
768 the Federal Deposit Insurance Corporation or its successor agency.

769 Sec. 5. Subsection (h) of section 36a-125 of the general statutes is  
770 repealed and the following is substituted in lieu thereof (*Effective*  
771 *October 1, 2002*):

772 (h) Upon the effectiveness of the agreement of merger or  
773 consolidation, the shareholders, if any, of the constituent banks, except  
774 to the extent that they have received cash, property or other securities  
775 of the resulting bank or shares or other securities of any other  
776 corporation in exchange for or upon conversion of their shares, shall be  
777 shareholders of a capital stock resulting bank. Unless such agreement  
778 otherwise provides, the resulting bank may require each shareholder  
779 to surrender such shareholder's certificates of stock in the constituent

780 bank and in that event no shareholder, until such surrender of that  
781 shareholder's certificates, shall be entitled to receive a certificate of  
782 stock of the resulting bank or to vote thereon or to collect dividends  
783 declared thereon, or to receive cash, property or other securities of the  
784 resulting bank, or shares or other securities of any other corporation.  
785 Any shareholder of any such constituent bank [who dissents from the  
786 merger or consolidation] is entitled to assert [dissenters' rights]  
787 appraisal rights and to obtain payment of the fair value of such  
788 shareholder's shares under sections 33-855 to 33-872, inclusive, as  
789 amended. The rights and obligations of [the objecting] shareholders  
790 who assert appraisal rights and the bank shall be determined in  
791 accordance with said sections. The stock of a capital stock resulting  
792 bank up to an amount of the combined stock of the constituent banks  
793 shall be exempt from any franchise tax.

794 Sec. 6. Subdivision (1) of subsection (a) of section 36a-126 of the  
795 general statutes is repealed and the following is substituted in lieu  
796 thereof (*Effective October 1, 2002*):

797 (a) (1) Except as provided in this subsection, any one or more  
798 Connecticut banks may merge or consolidate with one or more federal  
799 banks, the resulting bank to continue business as a Connecticut bank,  
800 in accordance with the provisions of section 36a-125, as amended by  
801 this act, governing the merger and consolidation of two or more  
802 Connecticut banks. No such merger or consolidation shall take place if:  
803 (A) It involves the acquisition of a bank that has not been in existence  
804 and continuously operating for at least five years, unless the  
805 commissioner waives this requirement; or (B) the resulting  
806 Connecticut bank, including all depository institutions which are  
807 affiliates of the resulting Connecticut bank, upon consummation of the  
808 merger or consolidation, would control thirty per cent or more of the  
809 total amount of deposits of insured depository institutions in this state,  
810 unless the commissioner permits a greater percentage of such deposits.  
811 Any such constituent federal bank shall be considered a constituent  
812 bank for purposes of compliance with section 36a-125, as amended by  
813 this act, except that with respect to any provision therein governing

814 corporate procedure, including the rights of dissenting members or  
815 shareholders who assert appraisal rights, if any, such constituent  
816 federal bank shall comply instead with the laws of the United States.  
817 Any such constituent federal bank shall also comply with other  
818 applicable laws of the United States concerning the merger and  
819 consolidation of federal banks with state banks, the resulting bank to  
820 continue business under a state charter.

821 Sec. 7. Section 36a-135 of the general statutes is repealed and the  
822 following is substituted in lieu thereof (*Effective October 1, 2002*):

823 (a) (1) Any mutual savings bank, federal mutual savings bank,  
824 mutual savings and loan association, or federal mutual savings and  
825 loan association may convert into a mutual savings bank, federal  
826 mutual savings bank, mutual savings and loan association, or federal  
827 mutual savings and loan association, in accordance with the provisions  
828 of this section and any regulations the commissioner may adopt in  
829 accordance with chapter 54 as are necessary to allow such conversions  
830 on an equitable basis, provided this section does not apply to the  
831 conversion of a mutual federal bank into another mutual federal bank.

832 (2) Any conversion pursuant to this section involving the  
833 conversion of or to a federal mutual savings bank or federal mutual  
834 savings and loan association shall be authorized only if permitted by  
835 federal law and shall be subject to all requirements prescribed by  
836 federal law.

837 (3) The converting institution shall file with the commissioner a  
838 proposed plan of conversion, a copy of the proposed amended  
839 certificate of incorporation, and a certificate by the secretary of the  
840 converting institution that the proposed plan of conversion has been  
841 approved, in accordance with subdivision (4) of this subsection, by the  
842 governing board, and, in the case of a converting savings and loan  
843 association, federal savings bank or federal savings and loan  
844 association, the depositors or members thereof.

845 (4) The plan of conversion shall require the approval of a majority of

846 the governing board of the converting institution. In the case of a  
847 converting savings and loan association, the plan of conversion shall  
848 also require the favorable vote of not less than fifty-one per cent of the  
849 votes cast by depositors of such association at a special meeting called  
850 to consider such conversion. In the case of a converting federal savings  
851 bank or federal savings and loan association, the plan of conversion  
852 shall require any vote of depositors or members prescribed by federal  
853 law.

854 (5) In the case of a converting savings and loan association, any  
855 depositor may, within fifteen days after written notice given such  
856 depositor of such conversion, signify to such association, in writing,  
857 such depositor's dissent therefrom. Any such dissenting depositor  
858 shall not, as a result of the conversion, become a depositor of the  
859 converted institution, and shall be entitled to receive from the  
860 converted institution the value of such depositor's savings account in  
861 the converting association, to be ascertained by an appraisal, made as  
862 the governing board of the converted institution prescribes. If the  
863 value so fixed is not satisfactory to such depositor, such depositor may  
864 appeal to the commissioner, who shall make a reappraisal, which is  
865 final. If the reappraisal exceeds the value fixed by the governing board,  
866 the converted institution shall pay the expenses thereof. If the  
867 reappraisal does not exceed the value fixed by the governing board,  
868 the appellant shall pay the expenses thereof. The value so ascertained  
869 shall be a debt due such depositor from such converted institution.  
870 Any depositor of a converting association who does not dissent in  
871 accordance with this subdivision shall become a depositor of the  
872 converted institution and shall receive, without payment, a  
873 withdrawable deposit account or accounts in the converted institution  
874 equal in withdrawable amount to the withdrawal value of such  
875 depositor's deposit account or accounts in the converting association.

876 (b) In any conversion of a mutual savings bank or mutual savings  
877 and loan association to a federal mutual savings bank or federal  
878 mutual savings and loan association under this section:

879 (1) The commissioner shall approve a conversion under this  
880 subsection if the commissioner determines that the converting  
881 institution has complied with all applicable provisions of law.

882 (2) After receipt of the commissioner's approval, the converting  
883 institution shall promptly file such approval with the Secretary of the  
884 State and with the town clerk of the town in which its principal office  
885 is located. Upon such filing, and upon the receipt of all necessary  
886 approvals required under federal law, the converting institution shall  
887 cease to be a mutual savings bank or mutual savings and loan  
888 association and shall become a federal mutual savings bank or federal  
889 mutual savings and loan association, as the case may be. The  
890 converted institution shall not commence business unless its insurable  
891 accounts and deposits are insured by the Federal Deposit Insurance  
892 Corporation or its successor agency.

893 (c) In any conversion under this section involving the conversion to  
894 a mutual savings bank or mutual savings and loan association:

895 (1) The commissioner shall approve a conversion under this  
896 subsection if the commissioner determines that: (A) The converting  
897 institution has complied with all applicable provisions of law; (B) the  
898 converting institution has equity capital at least equal to the minimum  
899 equity capital required for the organization of a Connecticut bank; and  
900 (C) the proposed conversion will serve the public necessity and  
901 convenience.

902 (2) After receipt of the commissioner's approval, the converting  
903 institution shall promptly file such approval and its amended  
904 certificate of incorporation with the Secretary of the State and with the  
905 town clerk of the town in which its principal office is located. Upon  
906 such filing, the converting institution ceases to be the type of  
907 institution from which it converted and becomes a mutual savings  
908 bank or mutual savings and loan association, as the case may be. The  
909 converted institution shall not commence business unless its insurable  
910 accounts and deposits are insured by the Federal Deposit Insurance  
911 Corporation or its successor agency. Upon such conversion, the

912 converted institution possesses all of the rights, privileges and powers  
913 granted to it by its amended certificate of incorporation and by the  
914 provisions of the general statutes applicable to the type of institution  
915 into which it converted, and all of the assets, business and good will of  
916 the converting institution are transferred to and vested in it without  
917 any deed or instrument of conveyance provided the converting  
918 institution may execute any deed or instrument of conveyance as is  
919 convenient to confirm such transfer. The converted institution is  
920 subject to all of the duties, relations, obligations, trusts and liabilities of  
921 the converting institution, whether as debtor, depository, registrar,  
922 transfer agent, executor, administrator, trustee or otherwise, and is  
923 liable to pay and discharge all such debts and liabilities, to perform all  
924 such duties and to administer all such trusts in the same manner and  
925 to the same extent as if the converted institution had itself incurred the  
926 obligation or liability or assumed the duty, relation or trust. All rights  
927 of creditors of the converting institution and all liens upon the  
928 property of such institution are preserved unimpaired and the  
929 converted institution is entitled to receive, accept, collect, hold and  
930 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
931 appointments in favor of or in the name of the converting institution  
932 and whether made or created to take effect prior to or after the  
933 conversion.

934 (3) The persons named as directors in the amended certificate of  
935 incorporation of the converted institution shall be its directors until the  
936 first annual election of directors after the conversion or until the  
937 expiration of their terms as directors, and have the power to take all  
938 necessary actions and to adopt bylaws concerning the business and  
939 management of such converted institution.

940 Sec. 8. Subsection (d) of section 36a-136 of the general statutes is  
941 repealed and the following is substituted in lieu thereof (*Effective*  
942 *October 1, 2002*):

943 (d) The converting institution shall file with the commissioner a  
944 proposed plan of conversion, a copy of the proposed amended

945 certificate of incorporation and a certificate by the secretary of the  
946 converting institution that the proposed plan of conversion has been  
947 approved, in accordance with subsection (e) of this section, by the  
948 governing board and in the case of a converting savings and loan  
949 association, federal savings bank or federal savings and loan  
950 association, the depositors or members thereof.

951 Sec. 9. Section 36a-137 of the general statutes, as amended by section  
952 4 of public act 01-183, is repealed and the following is substituted in  
953 lieu thereof (*Effective October 1, 2002*):

954 (a) (1) Any capital stock Connecticut bank or capital stock federal  
955 bank may convert into any other capital stock Connecticut bank or  
956 capital stock federal bank upon the approval of the conversion by the  
957 commissioner, provided this section does not apply to the conversion  
958 of a capital stock federal bank to another capital stock federal bank.  
959 The requirements of the commissioner's approval and subdivisions (3)  
960 to (5), inclusive, of this subsection do not apply to the conversion of a  
961 capital stock Connecticut bank into a national banking association.

962 (2) Any conversion pursuant to this section involving the  
963 conversion of or to a capital stock federal bank shall be authorized  
964 only if permitted by federal law and shall be subject to all  
965 requirements prescribed by federal law.

966 (3) The converting bank shall file with the commissioner a proposed  
967 plan of conversion, a copy of the proposed amended certificate of  
968 incorporation and a certificate by the secretary of the converting bank  
969 that the proposed plan of conversion and proposed amended  
970 certificate of incorporation have been approved in accordance with  
971 subdivision (4) of this subsection by the governing board and the  
972 shareholders.

973 (4) The plan of conversion and proposed amended certificate of  
974 incorporation shall require the approval of a majority of the governing  
975 board of the converting bank and, in the case of a converting  
976 Connecticut bank, the favorable vote of not less than two-thirds of the

977 holders of each class of the bank's capital stock cast at a meeting called  
978 to consider such conversion. In the case of a converting federal bank,  
979 the plan of conversion shall require any vote of shareholders  
980 prescribed by federal law.

981 (5) Any shareholder of a converting Connecticut bank [who, on or  
982 before the date of the shareholders' meeting to vote on such  
983 conversion, objects to the conversion by filing a written objection with  
984 the secretary of the bank may, within ten days after the effective date  
985 of such conversion, make written demand upon the converted bank for  
986 payment of such shareholder's stock; and thereafter such shareholder's  
987 rights shall be the same as those of a shareholder who dissents from  
988 the merger of two or more capital stock Connecticut banks] is entitled  
989 to assert appraisal rights and to obtain payment of the fair value of  
990 such shareholder's shares under sections 33-855 to 33-872, inclusive, as  
991 amended.

992 (b) In any conversion under this section of a capital stock  
993 Connecticut bank to a capital stock federal bank other than a national  
994 banking association:

995 (1) The commissioner shall approve a conversion under this  
996 subsection if the commissioner determines that the converting bank  
997 has complied with all applicable provisions of law.

998 (2) After receipt of the commissioner's approval, the converting  
999 bank shall promptly file the approval with the Secretary of the State  
1000 and with the town clerk of the town in which its principal office is  
1001 located. Upon filing, and upon the receipt of all necessary approvals  
1002 required under federal law, the converting bank ceases to be a capital  
1003 stock Connecticut bank and becomes a capital stock federal bank. The  
1004 converted bank shall not commence business unless its insurable  
1005 accounts and deposits are insured by the Federal Deposit Insurance  
1006 Corporation or its successor agency.

1007 (c) In any conversion under this section of a capital stock  
1008 Connecticut bank to a national banking association, the converting

1009 bank shall: (1) File a notice of its intent to convert with the  
1010 commissioner at the time it submits an application to convert with the  
1011 Office of the Comptroller of the Currency; and (2) submit its charter, or  
1012 a copy thereof, to the commissioner upon consummation of the  
1013 conversion.

1014 (d) In any conversion under this section involving the conversion to  
1015 a capital stock Connecticut bank:

1016 (1) The commissioner shall approve a conversion under this  
1017 subsection if the commissioner determines that: (A) The converting  
1018 bank has complied with all applicable provisions of law; (B) the  
1019 converting bank has equity capital at least equal to the minimum  
1020 equity capital for the organization of a Connecticut bank; and (C) the  
1021 proposed conversion will serve public necessity and convenience.

1022 (2) After receipt of the commissioner's approval, the converting  
1023 bank shall promptly file such approval and its amended certificate of  
1024 incorporation with the Secretary of the State and with the town clerk of  
1025 the town in which its principal office is located. Upon such filing, the  
1026 converting bank shall cease to be the type of bank from which it  
1027 converted and shall become a bank and trust company, capital stock  
1028 savings bank or capital stock savings and loan association, as the case  
1029 may be. The converted Connecticut bank shall not commence business  
1030 unless its insurable accounts and deposits are insured by the Federal  
1031 Deposit Insurance Corporation or its successor agency. Upon such  
1032 conversion, the converted Connecticut bank possesses all of the rights,  
1033 privileges and powers granted to it by its amended certificate of  
1034 incorporation and by the provisions of the general statutes applicable  
1035 to the type of Connecticut bank into which it converted, and all of the  
1036 assets, business and good will of the converting bank are transferred to  
1037 and vested in it without any deed or instrument of conveyance,  
1038 provided the converting bank may execute any deed or instrument of  
1039 conveyance as is convenient to confirm such transfer. The converted  
1040 Connecticut bank is subject to all of the duties, relations, obligations,  
1041 trusts and liabilities of the converting bank, whether as debtor,

1042 depository, registrar, transfer agent, executor, administrator, trustee or  
1043 otherwise, and is liable to pay and discharge all such debts and  
1044 liabilities, to perform all such duties and to administer all such trusts  
1045 in the same manner and to the same extent as if the converted  
1046 Connecticut bank had itself incurred the obligation or liability or  
1047 assumed the duty, relation or trust. All rights of creditors of the  
1048 converting bank and all liens upon the property of such bank are  
1049 preserved unimpaired and the converted Connecticut bank is entitled  
1050 to receive, accept, collect, hold and enjoy any and all gifts, bequests,  
1051 devises, conveyances, trusts and appointments in favor of or in the  
1052 name of the converting bank and whether made or created to take  
1053 effect prior to or after the conversion.

1054 (3) The persons named as directors in the amended certificate of  
1055 incorporation shall be the directors of the converted Connecticut bank  
1056 until the first annual election of directors after the conversion or until  
1057 the expiration of their terms as directors, and shall have the power to  
1058 take all necessary actions and to adopt bylaws concerning the business  
1059 and management of such Connecticut bank.

1060 (4) No such converted Connecticut bank shall exercise any of the  
1061 fiduciary powers granted to Connecticut banks by law until express  
1062 authority therefor has been given by the commissioner, unless such  
1063 powers were legally exercised by the bank at the time of conversion.

1064 (5) The franchise tax required to be paid by capital stock  
1065 Connecticut banks on an increase of capital stock shall be paid upon  
1066 the capital stock of any such converted Connecticut bank converting  
1067 from a capital stock federal bank, the amount subject to such tax to be  
1068 determined by deducting from the entire amount of such stock, the  
1069 amount of the capital stock of the capital stock federal bank upon  
1070 which such tax was paid during its existence as a capital stock  
1071 Connecticut bank, if such capital stock federal bank came into  
1072 existence by virtue of conversion from a capital stock Connecticut bank  
1073 or by virtue of merger or consolidation of a capital stock Connecticut  
1074 bank with a capital stock federal bank.

1075 (e) Notwithstanding the provisions of subsection (a) of this section,  
1076 no reorganized savings institution shall have the power to convert into  
1077 a bank and trust company, capital stock savings bank or capital stock  
1078 savings and loan association, as the case may be.

1079 Sec. 10. Section 36a-145 of the general statutes, as amended by  
1080 section 5 of public act 01-183, is repealed and the following is  
1081 substituted in lieu thereof (*Effective October 1, 2002*):

1082 (a) As used in this section:

1083 (1) "Branch" means any office at a fixed location of a Connecticut  
1084 bank, other than the main office, at which deposits are received, checks  
1085 paid and money lent and which maintains minimum banking hours  
1086 from nine o'clock a.m. until three o'clock p.m., Monday through  
1087 Friday.

1088 (2) "Limited branch" means any office at a fixed location of a  
1089 Connecticut bank at which banking business is conducted other than  
1090 the main office, branch or mobile branch.

1091 (3) "Mobile branch" means any office of a Connecticut bank at which  
1092 banking business is conducted which is in fact moved or transported  
1093 to one or more predetermined locations in accordance with a  
1094 predetermined schedule.

1095 (4) "Relocate" means to move within the same immediate  
1096 neighborhood without substantially affecting the nature of the  
1097 business or customers served.

1098 (b) (1) With the approval of the commissioner, any Connecticut  
1099 bank may establish a branch in this state.

1100 (2) The commissioner shall not approve the establishment of a  
1101 branch under this subsection unless the commissioner considers  
1102 whether: (A) Establishment of the branch will result in an  
1103 oversaturation of depository institutions in the town in which the  
1104 branch is to be located or in the area surrounding the town; (B)

1105 establishment of the branch is consistent with safe and sound banking  
1106 practices in the town or the surrounding area; (C) the Connecticut  
1107 bank seeking approval of the branch intends to operate the branch on a  
1108 long-term basis; and (D) the Connecticut bank maintains, and will  
1109 continue to maintain, a reasonable ratio of loans made in the state to  
1110 deposits received from residents of the state. In determining whether  
1111 to approve the establishment of a branch under this subsection, the  
1112 commissioner shall not consider the existence of any office established  
1113 under subsection (d) of section 36a-425, as amended, by the  
1114 Connecticut bank, or by a holding company of which the Connecticut  
1115 bank is a subsidiary, that is situated at or near the location of the  
1116 branch.

1117 (3) The commissioner shall not approve the establishment of any  
1118 branch under this subsection unless the commissioner makes the  
1119 findings required under section 36a-34.

1120 (4) With the approval of the commissioner, any Connecticut bank  
1121 may convert a limited branch in this state to a branch. The  
1122 commissioner shall not approve a conversion under this subdivision  
1123 unless the commissioner considers such factors and makes such  
1124 findings under subdivisions (2) and (3) of this subsection as the  
1125 commissioner deems applicable.

1126 (c) (1) With the approval of the commissioner, any Connecticut bank  
1127 may establish in this state a limited branch, either de novo or resulting  
1128 from the conversion of a branch, that provides limited services or is  
1129 open for limited time periods. The commissioner shall not approve the  
1130 establishment of a limited branch under this subdivision unless the  
1131 commissioner considers such factors and makes such findings under  
1132 subdivisions (2) and (3) of subsection (b) of this section as the  
1133 commissioner deems applicable. The commissioner shall approve such  
1134 establishment if the commissioner determines that: (A) The interest of  
1135 the neighborhood where the limited branch is to be located will be  
1136 served to advantage by the establishment or conversion of the  
1137 proposed branch, (B) the proposed products, services and banking

1138 hours are appropriate to meet the convenience and needs of the  
1139 neighborhood, and (C) in the case of an establishment resulting from  
1140 the conversion of a branch to a limited branch, alternative banking  
1141 services are available in the neighborhood so that any reduction in  
1142 services or hours will not result in unmet banking needs.

1143 (2) With the approval of the commissioner, any Connecticut bank  
1144 may establish in this state a special need limited branch that provides  
1145 limited services or is open for limited time periods in order to meet a  
1146 special need of the neighborhood in which such limited branch is to be  
1147 located. The commissioner shall not approve the establishment of a  
1148 special need limited branch under this subdivision unless the  
1149 commissioner considers such factors and makes such findings and  
1150 determinations under subdivision (1) of this subsection as the  
1151 commissioner deems necessary.

1152 (3) A limited branch or mobile branch shall be conspicuously  
1153 identified as a branch of the Connecticut bank. The commissioner may  
1154 condition the approval of such branch with any other requirement that  
1155 the commissioner deems necessary or appropriate for the protection of  
1156 depositors or the Connecticut bank.

1157 (d) With the approval of the commissioner for each predetermined  
1158 location, any Connecticut bank may establish in this state a mobile  
1159 branch that provides full or limited services or is open for full or  
1160 limited time periods. The commissioner shall not approve the  
1161 establishment of a mobile branch under this subsection unless the  
1162 commissioner makes the considerations, findings and determinations  
1163 required under subdivision (1) of subsection (c) of this section,  
1164 provided that in the case of a mobile branch established in order to  
1165 meet a special need of the neighborhood in which such mobile branch  
1166 is to be located, the commissioner shall not approve such  
1167 establishment unless the commissioner makes the considerations and  
1168 determinations required under subdivision (2) of subsection (c) of this  
1169 section.

1170 (e) Nothing in this section shall prohibit a Connecticut bank from

1171 establishing or operating a branch, limited branch or mobile branch in  
1172 the same or approximately the same location as another depository  
1173 institution, or continuing to operate as a branch, limited branch or  
1174 mobile branch in this state in the same or approximately the same  
1175 location, the business of any other depository institution which has  
1176 been acquired by the Connecticut bank.

1177 (f) (1) A Connecticut bank which proposes to close any branch or  
1178 limited branch shall submit to the commissioner a notice of the  
1179 proposed closing not later than the first day of the ninety-day period  
1180 ending on the date proposed for that closing. The notice shall include a  
1181 detailed statement of the reasons for the decision to close the branch or  
1182 limited branch and the statistical and other information in support of  
1183 such reasons. After receipt of the notice, the commissioner may require  
1184 the Connecticut bank to submit any additional information.

1185 (2) The Connecticut bank shall provide notice of the proposed  
1186 closing to its customers by:

1187 (A) Posting a notice in a conspicuous manner on the premises of the  
1188 branch or limited branch proposed to be closed during a period not  
1189 less than the thirty-day period ending on the date proposed for that  
1190 closing, and

1191 (B) Including a notice in at least one of any regular account  
1192 statements mailed to customers of the branch or limited branch  
1193 proposed to be closed or in a separate mailing, by not later than the  
1194 beginning of the ninety-day period ending on the date proposed for  
1195 that closing.

1196 (3) (A) A Connecticut bank which proposes to close any mobile  
1197 branch shall submit to the commissioner a notice of the proposed  
1198 closing not later than thirty days prior to the date proposed for such  
1199 closing. The notice shall include a detailed statement of the reasons for  
1200 the decision to close the mobile branch and the statistical and other  
1201 information in support of such reasons. After receipt of the notice, the  
1202 commissioner may require the Connecticut bank to submit any

1203 additional information.

1204 (B) A Connecticut bank which proposes to close any predetermined  
1205 location of a mobile branch shall notify the commissioner prior to the  
1206 closing of such location.

1207 (g) With the approval of the commissioner, any Connecticut bank  
1208 may relocate within this state any branch or limited branch established  
1209 in this state in accordance with such notice and other requirements as  
1210 the commissioner may prescribe. [As used in this subsection, "relocate"  
1211 means to move within the same immediate neighborhood without  
1212 substantially affecting the nature of the business or customers served.]

1213 (h) With the approval of the commissioner, a Connecticut bank may  
1214 sell a branch, limited branch or mobile branch established in this state  
1215 to any bank, Connecticut credit union or federal credit union. The  
1216 selling Connecticut bank must have been in existence and  
1217 continuously operating for at least five years unless the commissioner  
1218 waives this requirement. The commissioner shall not approve such  
1219 sale if such acquiring bank or credit union, including all insured  
1220 depository institutions which are affiliates of the bank or credit union,  
1221 upon consummation of the sale, would control thirty per cent or more  
1222 of the total amount of deposits of insured depository institutions in  
1223 this state, unless the commissioner permits a greater percentage of  
1224 such deposits.

1225 (i) With the approval of the commissioner, a Connecticut bank may  
1226 establish a branch, limited branch or mobile branch outside of this  
1227 state in accordance with applicable law. The commissioner shall not  
1228 grant such approval, unless: (1) The commissioner finds, in accordance  
1229 with regulations adopted pursuant to chapter 54, that the Connecticut  
1230 bank has a record of compliance with the requirements of the  
1231 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from  
1232 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent  
1233 applicable, and applicable consumer protection laws; (2) the  
1234 Connecticut bank is adequately capitalized and the commissioner  
1235 determines that it will continue to be adequately capitalized; and (3)

1236 the Connecticut bank is adequately managed and the commissioner  
1237 determines that it will continue to be adequately managed. The  
1238 commissioner may examine and supervise the out-of-state branches of  
1239 any such Connecticut bank and may enter into agreements with other  
1240 state or federal banking regulators or similar regulators in a foreign  
1241 country concerning such examinations or supervision.

1242 (j) With the approval of the commissioner, any Connecticut bank  
1243 may relocate outside of this state any branch or limited branch  
1244 established outside of this state in accordance with such notice  
1245 requirements as the commissioner may prescribe.

1246 (k) With the approval of the commissioner, a Connecticut bank may  
1247 sell a branch, limited branch or mobile branch established outside of  
1248 this state. The selling Connecticut bank must have been in existence  
1249 and continuously operating for at least five years unless the  
1250 commissioner waives this requirement.

1251 Sec. 11. Subsection (e) of section 36a-194 of the general statutes is  
1252 repealed and the following is substituted in lieu thereof (*Effective from*  
1253 *passage*):

1254 (e) If at any time, the mutual holding company that does not control  
1255 a subsidiary holding company of a reorganized savings institution  
1256 sells or otherwise disposes of ordinarily voting shares in the  
1257 reorganized savings institution and as a result such mutual holding  
1258 company no longer owns [more than] at least fifty-one per cent of the  
1259 ordinarily voting shares of such reorganized savings institution, or if  
1260 the reorganized savings institution sells substantially all of its assets in  
1261 a transaction in which substantially all of the deposit liabilities of such  
1262 reorganized savings institution are assumed and become liabilities of  
1263 the purchaser of such assets, the commissioner may apply to the  
1264 superior court for the judicial district of Hartford or the judicial district  
1265 in which such mutual holding company is situated for the  
1266 appointment of a receiver to wind up the affairs of the mutual holding  
1267 company; and the court may appoint such receiver after reasonable  
1268 notice to the mutual holding company and such reorganized savings

1269 institution. Such receivership is governed by the provisions of sections  
1270 36a-223 to 36a-239, inclusive.

1271 Sec. 12. Subsection (d) of section 36a-195 of the general statutes is  
1272 repealed and the following is substituted in lieu thereof (*Effective from*  
1273 *passage*):

1274 (d) A reorganized savings institution, other than that held by a  
1275 subsidiary holding company, shall have the power to issue to persons  
1276 other than the mutual holding company of which it is a subsidiary, an  
1277 amount of common stock and securities convertible into common stock  
1278 which in the aggregate does not exceed forty-nine per cent of the  
1279 issued and outstanding common stock of such reorganized savings  
1280 institution. For purposes of the forty-nine per cent limitation, any  
1281 issued and outstanding securities that are convertible into common  
1282 stock shall be considered as issued and outstanding common stock.

1283 Sec. 13. Section 36a-198 of the general statutes is repealed and the  
1284 following is substituted in lieu thereof (*Effective from passage*):

1285 [The commissioner may adopt such regulations in accordance with  
1286 the provisions of chapter 54 as may be necessary to implement the  
1287 provisions of sections 36a-192 to 36a-199, inclusive.]

1288 (a) A mutual holding company may establish a subsidiary holding  
1289 company as a direct subsidiary to hold one hundred per cent of the  
1290 stock of its reorganized savings institution subsidiary. The formation  
1291 and operation of the subsidiary holding company may not be utilized  
1292 as a means to evade or frustrate the purposes of sections 36a-192 to  
1293 36a-199, inclusive. The subsidiary holding company may be  
1294 established either at the time of the initial mutual holding company  
1295 reorganization or at a subsequent date, subject to the approval of and  
1296 in accordance with any conditions or limitations imposed by the  
1297 commissioner. A proposal to establish a subsidiary holding company  
1298 shall be filed with the commissioner and shall include the proposed  
1299 certificate of incorporation and bylaws of the subsidiary holding  
1300 company and any other information required by the commissioner.

1301        (b) For purposes of section 36a-196, the subsidiary holding company  
1302 shall be treated as a reorganized savings institution issuing stock and  
1303 shall be subject to the requirements of that section. In the case of a  
1304 stock issuance by a subsidiary holding company, the aggregate  
1305 amount of outstanding common stock of the subsidiary holding  
1306 company owned or controlled by persons other than the subsidiary  
1307 holding company's mutual holding company parent at the close of the  
1308 proposed issuance shall be less than fifty-one per cent of the subsidiary  
1309 holding company's total outstanding common stock.

1310        Sec. 14. Subsection (a) of section 36a-220 of the general statutes is  
1311 repealed and the following is substituted in lieu thereof (*Effective*  
1312 *October 1, 2002*):

1313        (a) If it appears to the commissioner that (1) the charter of any  
1314 Connecticut bank or out-of-state bank that maintains in this state a  
1315 branch as defined in section 36a-410 is forfeited, (2) the public is in  
1316 danger of being defrauded by such bank, it is unsafe or unsound for  
1317 such bank to continue business or its assets are being dissipated, (3)  
1318 such bank is insolvent, or (4) the Federal Deposit Insurance  
1319 Corporation or its successor agency has terminated insurance of the  
1320 insurable accounts or deposits of such bank, unless such Connecticut  
1321 bank has filed an application with the commissioner to convert to an  
1322 uninsured bank pursuant to section 10 of public act 01-183, the  
1323 commissioner shall apply to the superior court for the judicial district  
1324 of Hartford or the judicial district in which the main office of such  
1325 bank is located for an injunction restraining such bank from  
1326 conducting business or, in the case of a Connecticut bank, for the  
1327 appointment of a conservator or for a receiver to wind up its affairs.

1328        Sec. 15. Subsection (a) of section 36a-250 of the general statutes is  
1329 repealed and the following is substituted in lieu thereof (*Effective*  
1330 *October 1, 2002*):

1331        (a) Except as otherwise provided in subsection (b) of this section, a  
1332 Connecticut bank may:

1333 (1) Transact a general banking business and exercise by its  
1334 governing board or duly authorized officers or agents, subject to  
1335 applicable law, all such incidental powers as are necessary thereto. The  
1336 express powers authorized for a Connecticut bank under subdivisions  
1337 (2) to (41), inclusive, of this subsection do not preclude the existence of  
1338 additional powers deemed to be incidental to the transaction of a  
1339 general banking business pursuant to this subdivision;

1340 (2) (A) Receive deposits as authorized by and subject to the  
1341 provisions of sections 36a-290 to 36a-305, inclusive, section 36a-307,  
1342 sections 36a-315 to 36a-323, inclusive, as amended, and sections 36a-  
1343 330 to 36a-338, inclusive, including: (i) Savings deposits; (ii) time  
1344 deposits; (iii) demand deposits; (iv) public funds or money held in a  
1345 fiduciary capacity; (v) school savings funds; and (vi) club deposits; and  
1346 (B) pay interest or dividends thereon;

1347 (3) Act as a depository of court and trust funds;

1348 (4) Purchase and sell coins and bullion;

1349 (5) Receive for safekeeping or otherwise all kinds of personal  
1350 property, including papers, documents and evidences of indebtedness;

1351 (6) Conduct a safe deposit business on its banking premises;

1352 (7) Act (A) as guardian or conservator of the estate of any person,  
1353 but not of the person, (B) as a trustee, receiver, executor or  
1354 administrator, or (C) in any other fiduciary capacity, all without bond  
1355 unless a bond is ordered by the court;

1356 (8) Act as agent or attorney in fact for the holders of securities or the  
1357 owners of real estate;

1358 (9) Act as transfer agent or registrar of stocks and bonds;

1359 (10) Execute and deliver signature guaranties as may be incidental  
1360 or usual in the transfer of investment securities;

1361 (11) Act as agent, fiscal agent or trustee for any corporation or for

1362 holders of bonds, notes or other securities, and pledge assets to secure  
1363 deposits in its banking department when (A) made by it as trustee  
1364 under a trust indenture for the holders of revenue bonds issued by this  
1365 state, any municipality, district, municipal corporation or authority or  
1366 political subdivision thereof, and the express provisions of the  
1367 authority or its political subdivision, and the express provisions of the  
1368 trust indenture require the deposit to be so secured, (B) made by it as  
1369 fiscal agent for a housing authority in connection with a federally-  
1370 assisted housing project and federal regulations or other requirements  
1371 call for the deposits to be so secured, or (C) made by it to secure  
1372 deposits in individual retirement accounts and qualified retirement  
1373 plan accounts, established in accordance with the applicable  
1374 provisions of the Internal Revenue Code of 1986, or any prior or  
1375 subsequent corresponding internal revenue code of the United States,  
1376 as from time to time amended, where such deposits exceed the  
1377 maximum of federal deposit insurance available for such accounts;

1378 (12) Act as fiscal agent for this state or any of its political  
1379 subdivisions when authorized by the executive head of this state or of  
1380 the political subdivision;

1381 (13) Act as agent (A) in the collection of taxes for any qualified  
1382 treasurer of any taxing district or qualified collector of taxes or (B) for  
1383 any electric, electric distribution, gas, water or telephone company  
1384 operating within this state in receiving moneys due that company for  
1385 utility services furnished by it;

1386 (14) Act as agent for the sale, issue and redemption of obligations of  
1387 the United States and pledge assets to the United States or to the  
1388 proper federal reserve bank for its obligations as that agent;

1389 (15) (A) Act as agent for an insured depository institution affiliate in  
1390 receiving deposits, renewing time deposits, closing loans, servicing  
1391 loans and receiving payments on loans and other obligations, and in so  
1392 doing shall not be considered to be a branch of such affiliate;

1393 (B) A Connecticut bank may not conduct any activity as an agent

1394 under subparagraph (A) of this subdivision which such bank is  
1395 prohibited from conducting as a principal;

1396 (16) Act as treasurer of any organization exempt from federal  
1397 income taxation under Section 501 of the Internal Revenue Code of  
1398 1986, or any subsequent corresponding internal revenue code of the  
1399 United States, as from time to time amended;

1400 (17) Establish a charitable fund, either in the form of a charitable  
1401 trust or a nonprofit corporation to assist in making charitable  
1402 contributions, provided (A) the trust or nonprofit corporation is  
1403 exempt from federal income taxation and may accept charitable  
1404 contributions under Section 501 of the Internal Revenue Code of 1986,  
1405 or any subsequent corresponding internal revenue code of the United  
1406 States, as from time to time amended, (B) the trust or nonprofit  
1407 corporation's operations shall be disclosed fully to the commissioner  
1408 upon request, and (C) the trust department of the bank or one or more  
1409 directors or officers of the bank act as trustees or directors of the fund;

1410 (18) In the discretion of a majority of its governing board, make  
1411 contributions or gifts to or for the use of any corporation, trust or  
1412 community chest, fund or foundation created or organized under the  
1413 laws of the United States or of this state and organized and operated  
1414 exclusively for charitable, educational or public welfare purposes, or of  
1415 any hospital which is located in this state and which is exempt from  
1416 federal income taxes and to which contributions are deductible under  
1417 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent  
1418 corresponding internal revenue code of the United States, as from time  
1419 to time amended;

1420 (19) Discount, purchase and sell accounts receivable, negotiable and  
1421 nonnegotiable promissory notes, drafts, bills of exchange and other  
1422 forms of indebtedness;

1423 (20) (A) Accept for payment at future dates drafts drawn upon it,  
1424 and (B) except as provided in section 36a-299, sell or issue without  
1425 charge negotiable checks or drafts drawn by or on the bank.

1426 Negotiable checks or drafts drawn, sold or issued by a bank may be  
1427 drawn on that bank or be payable by or through another bank or out-  
1428 of-state bank;

1429 (21) Make secured and unsecured loans and issue letters of credit as  
1430 authorized by and subject to section 36a-260;

1431 (22) (A) Issue credit cards and debit cards and enter into card  
1432 agreements with the bank's card holders and with other card issuers,  
1433 (B) lend money to individuals, honor drafts and similar orders drawn  
1434 or accepted, whether by written instrument or electronic transmission,  
1435 and pay and agree to pay obligations incurred in connection with  
1436 those agreements, (C) become affiliated with any credit card  
1437 corporation or association, and (D) subject to sections 36a-155 to 36a-  
1438 159, inclusive, where applicable, provide electronic fund transfer  
1439 facilities and services and enter into agreements with customers and  
1440 other persons regarding the provision of such facilities;

1441 (23) Provide home banking services to customers as provided in  
1442 section 36a-170;

1443 (24) Contract for and pay the premiums upon life insurance in the  
1444 amount of the unpaid balance due on loans;

1445 (25) Borrow money and pledge assets therefor, and pledge assets to  
1446 secure trust funds on deposit awaiting investment;

1447 (26) Enter into leases of personal property acquired upon the  
1448 specific request of and for the use of a prospective lessee;

1449 (27) Make investments as authorized by this title;

1450 (28) Sell to any person, including any state or federal agency or  
1451 instrumentality, any loan or group of loans legally owned by the bank,  
1452 repurchase any such loan or group of loans, and act as collecting,  
1453 remitting and servicing agent in connection with any such loans and  
1454 charge for its acts as agent. Any such bank is authorized to purchase  
1455 the minimum amount of capital stock of the applicable agency or

1456 instrumentality if required by that entity to be purchased in connection  
1457 with the assignment of loans to that entity and to hold and dispose of  
1458 that stock;

1459 (29) With the approval of the commissioner, deal in and underwrite,  
1460 to the same extent as is permitted to a national banking association,  
1461 obligations of: (A) The United States or any of its agencies; (B) any  
1462 state or any political subdivision or instrumentality of the state or (C)  
1463 Canada, any province of Canada or any political subdivision of  
1464 Canada;

1465 (30) Issue and sell securities which (A) are guaranteed by the  
1466 Federal National Mortgage Association or any other agency or  
1467 instrumentality authorized by state or federal law to create a  
1468 secondary market with respect to loans of the type originated by the  
1469 bank, or (B) subject to the approval of the commissioner, relate to loans  
1470 originated by the bank and are guaranteed or insured by a financial  
1471 guaranty insurance company or comparable private entity;

1472 (31) Subject to the approval of the commissioner, authorize the  
1473 issuance and sale of evidences of indebtedness, including debentures,  
1474 debt instruments of all maturities and capital notes, at such times, in  
1475 such amount and upon such terms as are determined by the governing  
1476 board, provided the issuance of such evidences of indebtedness which  
1477 are payable on demand or mature within five years of their issuance or  
1478 which are effected in the ordinary course of business do not require the  
1479 approval of the commissioner. The proceeds of such evidences of  
1480 indebtedness which mature after five years of their issuance which are  
1481 subordinate to the claims of depositors upon liquidation of the bank  
1482 shall be considered part of its capital for the purpose of computing any  
1483 loan, deposit or investment limitation under this title;

1484 (32) With the approval of and upon such conditions and under such  
1485 regulations as may be prescribed or adopted by the commissioner,  
1486 establish and maintain one or more mutual funds and offer to the  
1487 public shares or participations therein;

1488       (33) With the written approval of the commissioner: (A) Acquire,  
1489 alter or improve real estate for present or future use in the business of  
1490 the bank, except that approval of the commissioner is not necessary in  
1491 case of the alteration or improvement of real estate already owned by  
1492 the bank or a corporation controlled by it as provided in subsection (d)  
1493 of section 36a-276, if the expenditure for such purposes does not in any  
1494 one calendar year exceed five per cent of the bank's equity capital and  
1495 reserves for loan and lease losses or five hundred thousand dollars,  
1496 whichever is less; (B) purchase real estate adjoining any parcel of real  
1497 estate then owned by it and acquired in the usual course of business,  
1498 provided the aggregate of all investments and loans authorized in  
1499 subparagraphs (A) and (B) of this subdivision and in the equipment  
1500 used by such bank in its operations, together with the amount of any  
1501 indebtedness incurred by any corporation holding real estate of the  
1502 bank and such bank's proportionate share, computed according to  
1503 stock ownership, of any indebtedness incurred by any service  
1504 corporation, does not exceed fifty per cent of the equity capital and  
1505 reserves for loan and lease losses of the bank, unless the commissioner  
1506 finds that the rental income from any part of the premises not occupied  
1507 by the bank will be sufficient to warrant larger investment;

1508       (34) Convey any real estate owned by it at the price and upon such  
1509 terms of payment as its governing board or an authorized committee  
1510 thereof determines and sets forth in the bank's records. If any such sale  
1511 is wholly or partly for credit, a note secured by a first mortgage on the  
1512 real estate may evidence that credit. With the written approval of the  
1513 commissioner, the bank may accept other real estate in whole or in  
1514 part for any such conveyance;

1515       (35) Establish and maintain an international banking facility, as  
1516 defined in regulations adopted by the Board of Governors of the  
1517 Federal Reserve System, subject to such regulations as the  
1518 commissioner may adopt, in accordance with chapter 54, to specify,  
1519 and impose restrictions upon, the types of activities in which the  
1520 international banking facility may engage;

1521 (36) Join the Federal Reserve System;

1522 (37) With the approval of the commissioner, join the Federal Home  
1523 Loan Bank System and borrow funds as provided under federal law;

1524 (38) Even if not expressly authorized to exercise fiduciary powers,  
1525 act as trustee or custodian of a plan which qualifies as part of a  
1526 retirement plan for self-employed individuals or an individual  
1527 retirement account under the provisions of the Internal Revenue Code  
1528 of 1986, or any subsequent corresponding internal revenue code of the  
1529 United States, as from time to time amended, if the governing  
1530 instrument limits the investment of the funds held pursuant to such  
1531 plan to the following investments: (1) Savings deposits and time  
1532 deposits; and (2) with respect to retirement plans for self-employed  
1533 individuals, notes of members in such plans which evidence the  
1534 indebtedness of such members for funds borrowed from the plans.  
1535 Funds held pursuant to any plan which so qualifies may be deposited  
1536 in any Connecticut bank without regard to any statutory limit on the  
1537 amount which such bank may have on deposit from one depositor;

1538 (39) Sell insurance and fixed and variable annuities directly, sell  
1539 insurance and such annuities indirectly through a subsidiary, or enter  
1540 into arrangements with third-party marketing organizations for the  
1541 sale by such third-party marketing organizations of insurance or such  
1542 annuities on the premises of the Connecticut bank or to customers of  
1543 the Connecticut bank; provided (A) such insurance and annuities are  
1544 issued or purchased by or from an insurance company licensed in  
1545 accordance with section 38a-41, and (B) the Connecticut bank,  
1546 subsidiary or third-party marketing organization, and any officer or  
1547 employee thereof, shall be licensed as required by section 38a-769  
1548 before engaging in any of the activities authorized by this subdivision.  
1549 As used in this subdivision, "annuities" and "insurance" have the same  
1550 meanings as set forth in section 38a-1, except that "insurance" does not  
1551 include title insurance. The provisions of this subdivision do not  
1552 authorize a Connecticut bank or a subsidiary of a Connecticut bank to  
1553 underwrite insurance or annuities;

1554 (40) With the prior written approval of the commissioner, engage in  
1555 closely related activities, unless the commissioner determines that any  
1556 such activity shall be conducted by a subsidiary of the Connecticut  
1557 bank, utilizing such organizational, structural or other safeguards as  
1558 the commissioner may require, in order to protect the Connecticut  
1559 bank from exposure to loss. As used in this subdivision, "closely  
1560 related activities" means those activities that are closely related to the  
1561 business of banking, are convenient and useful to the business of  
1562 banking, are reasonably related to the operation of a Connecticut bank  
1563 or are financial in nature including, but not limited to, business and  
1564 professional services, data processing, courier and messenger services,  
1565 credit-related activities, consumer services, services related to real  
1566 estate, financial consulting, tax planning and preparation, community  
1567 development activities, any activities reasonably related to such  
1568 activities, or any activity permitted under the Bank Holding Company  
1569 Act of 1956, 12 USC Section 1841 et seq., as from time to time amended,  
1570 or the Home Owners' Loan Act of 1933, 12 USC Section 1461 et seq., as  
1571 from time to time amended, or the regulations promulgated under  
1572 such acts as from time to time amended; and

1573 (41) Engage in any activity that a federal bank or an out-of-state  
1574 bank may be authorized to engage in under federal or state law,  
1575 provided the Connecticut bank shall file with the commissioner prior  
1576 written notice of its intention to engage in such activity. Such notice  
1577 shall include a description of the activity, a description of the financial  
1578 impact of the activity on the Connecticut bank, citation of the legal  
1579 authority to engage in the activity under federal or state law, a  
1580 description of any limitations or restrictions imposed on such activity  
1581 under federal or state law, and any other information that the  
1582 commissioner may require. The Connecticut bank may engage in such  
1583 activity unless the commissioner disapproves such activity not later  
1584 than thirty days after the notice is filed. The commissioner may adopt  
1585 regulations in accordance with chapter 54 to ensure that any such  
1586 activity is conducted in a safe and sound manner with adequate  
1587 consumer protections. The provisions of this subdivision do not  
1588 authorize a Connecticut bank or a subsidiary of a Connecticut bank to

1589 sell title insurance.

1590 Sec. 16. Section 36a-252 of the general statutes, as amended by  
1591 section 7 of public act 01-183, is repealed and the following is  
1592 substituted in lieu thereof (*Effective October 1, 2002*):

1593 (a) Any community bank organized pursuant to subsection (r) of  
1594 section 36a-70, as amended by this act, may, upon the approval of the  
1595 commissioner, convert to a Connecticut bank that is authorized to  
1596 operate without the limitations provided in subdivision (3) of  
1597 subsection (r) of section 36a-70, as amended by this act.

1598 (b) A community bank that proposes to convert shall file with the  
1599 commissioner a proposed plan of conversion, a copy of the proposed  
1600 amended certificate of incorporation and a certificate by the secretary  
1601 of the community bank that the proposed plan of conversion and  
1602 proposed amended certificate of incorporation have been approved in  
1603 accordance with subsection (c) of this section.

1604 (c) The proposed plan of conversion and proposed amended  
1605 certificate of incorporation shall require the approval of a majority of  
1606 the governing board of the community bank and the favorable vote of  
1607 not less than two-thirds of the holders of each class of the bank's  
1608 capital stock, if any, or, in the case of a mutual community bank, the  
1609 incorporators thereof, cast at a meeting called to consider such  
1610 conversion.

1611 (d) Any shareholder of a capital stock community bank that  
1612 proposes to convert who, on or before the date of the shareholders'  
1613 meeting to vote on such conversion, objects to the conversion by filing  
1614 a written objection with the secretary of such bank may, within ten  
1615 days after the effective date of such conversion, make written demand  
1616 upon the bank for payment of such shareholder's stock. Any such  
1617 shareholder that makes such objection and demand shall have the  
1618 same rights as those of a shareholder who [dissents from] asserts  
1619 appraisal rights with respect to the merger of two or more capital stock  
1620 Connecticut banks.

1621 (e) The commissioner shall approve a conversion under this section  
1622 if the commissioner determines that: (1) The community bank has  
1623 complied with all applicable provisions of law; (2) the community  
1624 bank has equity capital of at least five million dollars; (3) the  
1625 community bank has received satisfactory ratings on its most recent  
1626 state or federal safety and soundness examination and Community  
1627 Reinvestment Act examination; and (4) the proposed conversion will  
1628 serve the public necessity and convenience.

1629 (f) After receipt of the commissioner's approval, the community  
1630 bank shall promptly file such approval and its amended certificate of  
1631 incorporation with the Secretary of the State and with the town clerk of  
1632 the town in which its principal office is located. Upon such filing, the  
1633 bank shall cease to be a community bank subject to the limitations  
1634 provided in subdivision (3) of subsection (r) of section 36a-70, as  
1635 amended by this act, and shall be a Connecticut bank possessed of all  
1636 rights, privileges and powers granted to it by its amended certificate of  
1637 incorporation and by the provisions of the general statutes applicable  
1638 to its type of Connecticut bank, and all of the assets, business and good  
1639 will of the community bank shall be transferred to and vested in such  
1640 Connecticut bank without any deed or instrument of conveyance,  
1641 provided the converting bank may execute any deed or instrument of  
1642 conveyance as is convenient to confirm such transfer. Such  
1643 Connecticut bank shall be subject to all of the duties, relations,  
1644 obligations, trusts and liabilities of the community bank, whether as  
1645 debtor, depository, registrar, transfer agent, executor, administrator or  
1646 otherwise, and shall be liable to pay and discharge all such debts and  
1647 liabilities, to perform all such duties in the same manner and to the  
1648 same extent as if the Connecticut bank had itself incurred the  
1649 obligation or liability or assumed the duty or relation. All rights of  
1650 creditors of the community bank and all liens upon the property of  
1651 such bank shall be preserved unimpaired and the Connecticut bank  
1652 shall be entitled to receive, accept, collect, hold and enjoy any and all  
1653 gifts, bequests, devises, conveyances, trusts and appointments in favor  
1654 of or in the name of the community bank and whether made or created  
1655 to take effect prior to or after the conversion.

1656 (g) The persons named as directors in the amended certificate of  
1657 incorporation shall be the directors of such Connecticut bank until the  
1658 first annual election of directors after the conversion or until the  
1659 expiration of their terms as directors, and shall have the power to take  
1660 all necessary actions and to adopt bylaws concerning the business and  
1661 management of such Connecticut bank.

1662 (h) No such Connecticut bank may exercise any of the fiduciary  
1663 powers granted to Connecticut banks by law until express authority  
1664 therefor has been given by the commissioner, unless such authority  
1665 was previously granted to the community bank.

1666 (i) The franchise tax required to be paid by capital stock Connecticut  
1667 banks upon an increase of capital stock shall be paid upon the capital  
1668 stock of any such Connecticut bank, provided, any franchise tax paid  
1669 by the community bank shall be subtracted from any amount owed  
1670 under this subsection.

1671 Sec. 17. Section 36a-252a of the general statutes, as amended by  
1672 section 6 of public act 01-10 and section 9 of public act 01-183, is  
1673 repealed and the following is substituted in lieu thereof (*Effective*  
1674 *October 1, 2002*):

1675 (a) Any Connecticut bank that is an uninsured bank, as defined in  
1676 subsection (t) of section 36a-70, as amended by this act, or any  
1677 Connecticut bank that functions solely in a fiduciary capacity, may,  
1678 upon the approval of the commissioner, convert to a Connecticut bank  
1679 that is authorized to accept retail deposits, as defined in subsection (t)  
1680 of section 36a-70, as amended by this act, and operate without the  
1681 limitations provided in subdivisions (3) and (4) of subsection (t) of  
1682 section 36a-70, as amended by this act, or subsection (b) of section 36a-  
1683 250.

1684 (b) The converting bank shall file with the commissioner a proposed  
1685 plan of conversion, a copy of the proposed amended certificate of  
1686 incorporation and a certificate by the secretary of the converting bank  
1687 that the proposed plan of conversion and proposed amended

1688 certificate of incorporation have been approved in accordance with  
1689 subsection (c) of this section.

1690 (c) The proposed plan of conversion and proposed amended  
1691 certificate of incorporation shall require the approval of a majority of  
1692 the governing board of the converting bank and the favorable vote of  
1693 not less than two-thirds of the holders of each class of the converting  
1694 bank's capital stock, if any, or in the case of a converting mutual bank,  
1695 the incorporators thereof, cast at a meeting called to consider such  
1696 conversion.

1697 (d) Any shareholder of a capital stock Connecticut bank that  
1698 proposes to convert under this section, who, on or before the date of  
1699 the shareholders' meeting to vote on such conversion, objects to the  
1700 conversion by filing a written objection with the secretary of such bank  
1701 may, within ten days after the effective date of such conversion, make  
1702 written demand upon the bank for payment of such shareholder's  
1703 stock. Any such shareholder that makes such objection and demand  
1704 shall have the same rights as those of a shareholder [who dissents  
1705 from] that asserts appraisal rights with respect to the merger of two or  
1706 more capital stock Connecticut banks.

1707 (e) The commissioner shall approve a conversion under this section  
1708 if the commissioner determines that: (1) The converting bank has  
1709 complied with all applicable provisions of law; (2) the converting bank  
1710 has equity capital of at least five million dollars; (3) the converting  
1711 bank has received satisfactory ratings on its most recent safety and  
1712 soundness examination; (4) the proposed conversion will serve the  
1713 public necessity and convenience; and (5) the converting bank will  
1714 provide adequate services to meet the banking needs of all community  
1715 residents, including low-income residents and moderate-income  
1716 residents to the extent permitted by its charter, in accordance with a  
1717 plan submitted by the converting bank to the commissioner, in such  
1718 form and containing such information as the commissioner may  
1719 require. Upon receiving any such plan, the commissioner shall make  
1720 the plan available for public inspection and comment at the

1721 Department of Banking and cause notice of its submission and  
1722 availability for inspection and comment to be published in the  
1723 department's weekly bulletin. With the concurrence of the  
1724 commissioner, the converting bank shall publish, in the form of a legal  
1725 advertisement in a newspaper having a substantial circulation in the  
1726 area, notice of such plan's submission and availability for public  
1727 inspection and comment. The notice shall state that the inspection and  
1728 comment period will last for a period of thirty days from the date of  
1729 publication. The commissioner shall not make such determination  
1730 until the expiration of the thirty-day period. In making such  
1731 determination, the commissioner shall, unless clearly inapplicable,  
1732 consider, among other factors, whether the plan identifies specific  
1733 unmet credit and consumer banking needs in the local community and  
1734 specifies how such needs will be satisfied, provides for sufficient  
1735 distribution of banking services among branches or satellite devices, or  
1736 both, located in low-income neighborhoods, contains adequate  
1737 assurances that banking services will be offered on a  
1738 nondiscriminatory basis and demonstrates a commitment to extend  
1739 credit for housing, small business and consumer purposes in low-  
1740 income neighborhoods.

1741 (f) After receipt of the commissioner's approval, the converting bank  
1742 shall promptly file such approval and its amended certificate of  
1743 incorporation with the Secretary of the State and with the town clerk of  
1744 the town in which its principal office is located. Upon such filing, the  
1745 bank shall cease to be an uninsured bank subject to the provisions of  
1746 subdivisions (3) and (4) of subsection (t) of section 36a-70, as amended  
1747 by this act, or a Connecticut bank organized to function solely in a  
1748 fiduciary capacity, subject to the limitations provided in subsection (b)  
1749 of section 36a-250, and shall be a Connecticut bank subject to all of the  
1750 requirements and limitations and possessed of all rights, privileges  
1751 and powers granted to it by its amended certificate of incorporation  
1752 and by the provisions of the general statutes applicable to its type of  
1753 Connecticut bank. Such Connecticut bank shall not commence  
1754 business unless its insurable accounts and deposits are insured by the  
1755 Federal Deposit Insurance Corporation or its successor agency. Upon

1756 such filing with the Secretary of the State and with the town clerk, all  
1757 of the assets, business and good will of the converting bank shall be  
1758 transferred to and vested in such Connecticut bank without any deed  
1759 or instrument of conveyance, provided the converting bank may  
1760 execute any deed or instrument of conveyance as is convenient to  
1761 confirm such transfer. Such Connecticut bank shall be subject to all of  
1762 the duties, relations, obligations, trusts and liabilities of the converting  
1763 bank, whether as debtor, depository, registrar, transfer agent, executor,  
1764 administrator or otherwise, and shall be liable to pay and discharge all  
1765 such debts and liabilities, and to perform all such duties in the same  
1766 manner and to the same extent as if the Connecticut bank had itself  
1767 incurred the obligation or liability or assumed the duty or relation. All  
1768 rights of creditors of the converting bank and all liens upon the  
1769 property of such bank shall be preserved unimpaired and the  
1770 Connecticut bank shall be entitled to receive, accept, collect, hold and  
1771 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
1772 appointments in favor of or in the name of the converting bank and  
1773 whether made or created to take effect prior to or after the conversion.

1774 (g) The persons named as directors in the amended certificate of  
1775 incorporation shall be the directors of such Connecticut bank until the  
1776 first annual election of directors after the conversion or until the  
1777 expiration of their terms as directors, and shall have the power to take  
1778 all necessary actions and to adopt bylaws concerning the business and  
1779 management of such Connecticut bank.

1780 (h) No such Connecticut bank resulting from the conversion of an  
1781 uninsured bank may exercise any of the fiduciary powers granted to  
1782 Connecticut banks by law until express authority therefor has been  
1783 given by the commissioner, unless such authority was previously  
1784 granted to the converting bank.

1785 (i) The franchise tax required to be paid by capital stock Connecticut  
1786 banks upon an increase of capital stock shall be paid upon the capital  
1787 stock of any such Connecticut bank, provided, any franchise tax paid  
1788 by the converting bank shall be subtracted from any amount owed

1789 under this subsection.

1790 Sec. 18. Section 36a-434a of the general statutes is repealed and the  
1791 following is substituted in lieu thereof (*Effective October 1, 2002*):

1792 (a) Any out-of-state trust company, whether or not owned or  
1793 controlled by an out-of-state holding company or a foreign banking  
1794 corporation, as defined in subsection (a) of section 36a-425, may, with  
1795 the approval of the commissioner, establish and maintain an office in  
1796 this state to act as a fiduciary or engage in a trust business in this state,  
1797 provided the laws of the state in which such trust company is  
1798 chartered authorize (1) similar companies chartered in this state to act  
1799 as a fiduciary, and (2) banks organized to function solely in a fiduciary  
1800 capacity to establish and maintain such office in such state. Such  
1801 approved out-of-state trust company shall be deemed to transact  
1802 business in this state for the purposes of section 33-920, subsection (a)  
1803 of section 33-1210, section 34-223, as amended, or section 34-429 and  
1804 shall comply with the applicable requirements of said sections.  
1805 Application for approval to establish and maintain an office pursuant  
1806 to this section shall be made on forms prescribed by the commissioner.  
1807 Such application shall state the minimum equity capital of the out-of-  
1808 state trust company which shall be at least two million dollars. Such  
1809 application shall be accompanied by evidence of compliance with the  
1810 applicable requirements of the regulator in the state in which the out-  
1811 of-state trust company is chartered for the establishment and  
1812 maintenance of such office and the bond required under section 36a-  
1813 434b. The out-of-state trust company shall pay to the commissioner, at  
1814 the time of making such application, a nonrefundable fee of one  
1815 thousand five hundred dollars. The [application shall be deemed  
1816 approved and the applicant may commence business at the office  
1817 unless the] commissioner [disapproves] shall approve or disapprove  
1818 the application within thirty days after the application has been filed  
1819 with the commissioner. The thirty-day period of review may be  
1820 extended by the commissioner, in writing, on a determination that the  
1821 application raises issues that require additional information or  
1822 additional time for analysis.

1823 (b) The commissioner may approve the application if the  
 1824 commissioner finds that: (1) The proposed managers of the office have  
 1825 the capacity and fitness for the duties and responsibilities with which  
 1826 they will be charged; (2) the out-of-state trust company has sufficient  
 1827 financial resources to undertake its proposed activities; and (3) the  
 1828 establishment of the office is in the public interest.

1829 Sec. 19. Subsection (c) of section 10 of public act 01-183 is repealed  
 1830 and the following is substituted in lieu thereof (*Effective October 1,*  
 1831 *2002*):

1832 (c) The proposed plan of conversion and proposed amended  
 1833 certificate of incorporation shall require the approval of a majority of  
 1834 the governing board of the converting bank and the favorable vote of  
 1835 not less than two-thirds of the holders of each class of the bank's  
 1836 capital stock, if any, or, in the case of a mutual bank, the incorporators  
 1837 thereof, cast at a meeting called to consider such conversion.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>October 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>October 1, 2002</i>
Sec. 5	<i>October 1, 2002</i>
Sec. 6	<i>October 1, 2002</i>
Sec. 7	<i>October 1, 2002</i>
Sec. 8	<i>October 1, 2002</i>
Sec. 9	<i>October 1, 2002</i>
Sec. 10	<i>October 1, 2002</i>
Sec. 11	<i>from passage</i>
Sec. 12	<i>from passage</i>
Sec. 13	<i>from passage</i>
Sec. 14	<i>October 1, 2002</i>
Sec. 15	<i>October 1, 2002</i>
Sec. 16	<i>October 1, 2002</i>
Sec. 17	<i>October 1, 2002</i>
Sec. 18	<i>October 1, 2002</i>
Sec. 19	<i>October 1, 2002</i>

**Statement of Legislative Commissioners:**

In section 5, "that" was changed to "such" for consistency and accuracy.

**BA**      *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Fund-Type	Agency Affected	Current FY \$	FY 03 \$	FY 04 \$
BF - Revenue Gain	Banking Dept.	\$2,000	0	0

Note: BF=Banking Fund

**Municipal Impact:** None

**Explanation**

The bill allows bank branches to convert to limited branches at a fee of \$500 and out - of - state branches to relocate for a fee of \$500. According to the Department of Banking there is one bank that may convert a branch to a limited branch and three banks that may relocate out-of-state branches. The extent to which this may occur in the future is unknown.

**OLR Bill Analysis**

sSB 93

**AN ACT CONCERNING BANK POWERS AND TRANSACTIONS.****SUMMARY:**

This bill expands the authorized activities of state banks and the banking commissioner's authority to close banks. It allows Connecticut bank organizers to amend their proposals before the commissioner approves them and requires the commissioner to publish notice of certain changes to allow the public an opportunity to object. It clarifies Connecticut banks' authority to establish branches, and allows them to relocate out of state and sell certain branches established outside Connecticut, with the commissioner's approval. It also gives mutual and subsidiary holding companies new power over reorganized financial institutions and stock issuance.

**EFFECTIVE DATE:** October 1, 2002, except that the sections addressing mutual and subsidiary holding companies take effect upon passage.

**EXPANSION AND LIMITATION OF COMMISSIONER'S AUTHORITY**

The bill allows the commissioner to close all banks or Connecticut credit unions in the state or in specified towns or counties for good cause. Current law allows him to do so only because of an emergency. The bill also limits the commissioner's authority to apply for an injunction to prevent a bank from transacting business if the Federal Deposit Insurance Company has terminated its account or deposit insurance by exempting Connecticut banks that have applied to convert to uninsured banks.

**ORGANIZATION OF CONNECTICUT BANKS*****Application Changes***

The bill adds new provisions to the Connecticut bank organization process. Before the commissioner issues a final certificate of authority, the bill allows the bank organizers, with his approval, to amend their proposed certificate of organization to change (1) the name or type of

Connecticut bank they are organizing; (2) the location of the bank's main office; (3) the amount, authorized number, and par value of the bank's shares of capital stock, if applicable; or (4) an organizer's or prospective initial director's name.

The bill also allows the organizers, with the commissioner's approval, to alter material provisions of their proposed business plan and amend their proposed certificate of incorporation to change the minimum amount of equity capital with which the bank will start its business. This can be less than the amount of the bank's authorized capital, but current law still requires it to be at least (1) \$5 million for regular Connecticut banks and (2) \$2 million for Connecticut banks acting solely as fiduciaries. The bill allows the organizers to file notice with the commissioner to amend their proposed certificate of incorporation to change any bank organizer's or prospective initial director's occupation, residence, post office, or business address.

### ***Commissioner's Duties***

If the commissioner receives an application to change a Connecticut bank's name in its proposed certificate of organization, the bill requires him to publish notice of it in the department's weekly bulletin. The notice must state that people can file written objections to the change for up 30 days on the grounds that the name selected will tend to confuse the public. If the commissioner does not think the name will confuse the public and no one files an objection, the bill requires him to approve the name change. But if the commissioner finds that the name may confuse the public, or an objection is filed, he must order a hearing to be held within 20 to 30 days from the date set for filing objections. The bill also requires him to publish notice of the hearing in the bulletin at least 14 days before the hearing date. It requires him to hear everyone who wants to speak at the hearing, and to make a ruling within 15 days.

The bill requires the organizers to file any approval they receive for changes to their certificates of authority or incorporation with the secretary of the state, at which point the approved amendments become effective.

### **MERGER, CONSOLIDATION, AND REORGANIZATION (§§ 5, 9)**

The bill allows any shareholder of a bank involved in a merger or

consolidation to assert appraisal rights and cash in his shares. It replaces references to “dissenting” and “objecting” shareholders with those “who assert appraisal rights.”

## **BRANCHES**

The bill allows Connecticut banks, with the commissioner’s approval, to (1) relocate outside Connecticut any branch or limited branch established outside the state in accordance with notice requirements and (2) sell a branch, limited branch, or mobile branch that was established outside Connecticut and has existed and operated continuously for at least five years, unless the commissioner waives this requirement. It also clarifies Connecticut banks’ authority to establish limited branches, either de novo or by branch conversions.

## **HOLDING COMPANIES**

The bill replaces the commissioner’s general authority to adopt regulations regarding reorganized financial institutions with specific powers for mutual and subsidiary holding companies. It allows a mutual holding company to establish a subsidiary holding company as a direct subsidiary to hold all of its reorganized savings institution stock. It permits mutual holding companies to establish subsidiaries either when they first reorganize or at a later date, subject to the commissioner’s conditions and approval. As part of the approval process, it requires them to file with the commissioner their (1) proposal to establish the subsidiary holding company, (2) proposed certificate of incorporation, and (3) bylaws.

The bill deletes from the definitions of “mutual holding company,” “reorganized savings bank,” and “reorganized savings and loan association” a requirement that a mutual holding company own a majority of their ordinary voting shares. It expands the definition of “mutual holding company” to include a subsidiary holding company that a mutual holding company controls. The bill defines a “subsidiary holding company” as a stock-holding company holding all of a reorganized savings organization’s stock and controlled by a mutual holding company. It prohibits mutual holding companies from forming and operating subsidiaries in order to evade or frustrate the purposes of the laws concerning reorganizing mutual savings banks and mutual savings and loans into mutual holding companies.

**Issuing Common Stock**

The bill requires subsidiary holding companies to be treated as reorganized savings institutions for stock issuance purposes. When a subsidiary holding company issues stock, the bill prohibits anyone other than its mutual holding company parent from owning or controlling more than 51% of its stock when the issuance ends.

**POWERS OF CONNECTICUT BANKS**

The bill expands Connecticut banks' powers to allow them to engage in the same activities state law permits for out-of-state banks. Current law allows Connecticut banks to engage only in activities that federal banks can engage in under federal law.

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Report  
Yea 17    Nay 0