

02 — DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

029 — BUREAU OF BANKING

CHAPTER 107 — ~~Activities Permissible For Financial Institution Holding Companies (Reg. #7)~~

~~SUMMARY: This regulation, originally effective November 24, 1976 and most recently amended on December 14, 1983, was promulgated to authorize Maine financial institution holding companies to engage in specific closely related activities as enumerated in the Bank Holding Company Act of 1956 or Section 408 of the National Housing Act. Numerous changes have been made to the Federal Acts and this state has kept pace with those changes by allowing the Maine regulation to maintain parity whenever changes are made in federal law or regulation.~~

~~Maine law specifically authorizes the Superintendent of the Bureau of Banking to promulgate rules which are no more restrictive than federal law and regulation. Maine law permits the promulgation of rules which would grant greater authority to Maine financial institution holding companies than federal rules. This revision grants additional powers that may be engaged in either directly or through a subsidiary of a financial institution or a financial institution holding company.~~

1. — Authority

~~Title 9 B.M.R.S.A. Section 1014 authorizes the Superintendent to promulgate regulations specifying which closely related activities, permissible under either the Bank Holding Company Act of 1956 or Section 408 of the National Housing Act, shall be permissible for Maine financial institution holding companies. In 1987, Section 1014 was broadened by P.L. 1987, c. 90, by providing that the rules may authorize activities "which are no more restrictive" than those permitted by federal law and regulation.~~

2. — Purpose

~~The Federal Reserve Board amended its Regulation Y in 1984 and 1986, which revised and broadened the range of permissible closely related activities. Many other states have been aggressive in authorizing new powers for their financial institutions which have not yet been authorized by the Federal Reserve Board. During the recent period of deregulation, both state and federal regulators have more liberally interpreted existing laws and regulations, thus broadening the scope of authorized powers. It~~

~~is the intent of the Bureau of Banking to permit Maine financial institutions or Maine financial institution holding companies to engage in activities at least as broad as, or broader than, those activities authorized by federal law and regulation.~~

~~Since specific provisions are being added and existing powers broadened on a continuing basis, it is burdensome for the Bureau to amend this regulation each time federal regulations are amended. The Bureau, therefore, authorizes all Maine financial institutions and all Maine financial institution holding companies to engage in closely related activities authorized by federal regulation as well as those additional activities authorized by this regulation, subject to approval of an application submitted pursuant to Section 3.C of this regulation.~~

~~3. Provisions of the Regulation~~

~~A. Authorization.~~

~~A Maine financial institution or a Maine financial institution holding company may engage in closely related activities as provided by federal law and regulation (Bank Holding Company Act of 1956, 12 U.S.C. subsection 1841 et. seq., 12 C.F.R. subsection 225.25 or Section 408 of the National Housing Act, 12 U.S.C. subsection 1730(a), 12 C.F.R. subsection 583), unless the activity is prohibited by state law other than Title 9-B, but subject to the Bureau approval of an application submitted pursuant to Section 3.C of this regulation. In addition to those activities authorized by federal law and regulation, the activities listed below are so closely related to banking or managing or controlling banks as to be a proper incident thereto and consequently they are deemed to be "closely related activities" in which a Maine financial institution or Maine financial institution holding company may engage.~~

~~B. Additional activities.~~

~~The activities listed below are so closely related to banking or managing or controlling banks as to be a proper incident thereto and may be engaged in by a Maine financial institution or a Maine financial institution holding company, or subsidiary of either, subject to the requirements of a paragraph 3.C:~~

- ~~(1) Owning and operating a real estate agency for the purpose of selling properties owned by a financial institution holding company, financial institution, or subsidiaries thereof. This~~

~~property may include real estate acquired by foreclosure or deed in lieu of foreclosure, real estate acquired for investment or development, or real estate owned by a financial institution or affiliates. This activity shall be conducted subject to the licensing and other requirements of the Maine Real Estate Commission.~~

~~C. Requirements.~~

~~A Maine financial institution or a Maine financial institution holding company proposing to engage in any closely related activity shall make application to the Superintendent, as required by Title 9-B M.R.S.A. Section 1015, for prior approval of the activity. The application will describe the nature of the proposed activity, the extent to which the activity will be provided, and any other information requested by the Superintendent. The application shall be accompanied by an application fee of \$2,500. The activities, enumerated in paragraph 3, may be engaged in directly by the Maine financial institution or Maine financial institution holding company or through a subsidiary of either. Any subsidiary engaging in closely related activities may be jointly owned by two or more financial institutions or financial institution holding companies or subsidiaries of either.~~

~~EFFECTIVE DATE: February 28, 1989~~