

# **HOUSE . . . . . No. 4112**

---

---

## The Commonwealth of Massachusetts

---

HOUSE OF REPRESENTATIVES, May 27, 2014.

The committee on Ways and Means to whom was referred the Bill relative to the Massachusetts Credit Union Share Insurance Corporation (House, No. 4025), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 4112).

For the committee,

BRIAN S. DEMPSEY

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the Year Two Thousand Fourteen**  
\_\_\_\_\_

An Act relative to the Massachusetts Credit Union Share Insurance Corporation.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Chapter 294 of the acts of 1961 is hereby amended by adding the following  
2 section:-

3           Section 16. In addition to the powers and privileges otherwise conferred by this act or  
4 law, the corporation may:

5           (1) hold, purchase, convey, mortgage or lease real or personal property or any interest  
6 therein utilized for its premises or convenient for the exercise of its powers and the performance  
7 of its duties pursuant to this act;

8           (2) invest, subject to the approval of the commissioner, and under such limitations or  
9 conditions as the commissioner may impose, in the capital stock or shares of one or more  
10 subsidiary corporations, limited liability companies or trusts or such other forms of organization  
11 permitted by the commissioner, organized and operated solely for the purpose of performing  
12 functions that the corporation itself is empowered to perform directly or as authorized by the  
13 commissioner;

14           (3) invest individually or with one or more credit unions or federal credit unions up to 5  
15 per cent of its assets in one or more credit union service organizations engaging in activities or  
16 providing services authorized by law. For purposes solely related to the investment of credit  
17 unions in credit union service organizations pursuant to this subsection, hereof, the corporation  
18 shall be deemed a credit union; and

19           (4) upon a two-thirds vote of its board of directors, and having established that such  
20 activity will not adversely affect its safety and soundness, and having adequate policies and  
21 procedures to ensure such investments governing the performance of the corporation and its  
22 employees, to minimize any credit, market, liquidity, operations, legal and reputation risks to the

23 corporation, may apply to the commissioner to make investments under the “Prudent Man”  
24 authority, so-called, as follows:

25 (i) in shares of stock registered on a national securities exchange as provided in  
26 the Securities Exchange Act of 1934, 15 USC 78a or for which quotations are available through  
27 the Financial Industry Regulatory Authority or any comparable service designated by the  
28 commissioner;

29 (ii) interest bearing obligations of any state, county, city, town or district or any  
30 subdivision or instrumentality thereof, and of any authority established under the laws of the  
31 United States or any state, county, town or district, including obligations of any of the foregoing  
32 payable from specified revenues;

33 (iii) interest bearing obligations of any corporation organized under the laws of the  
34 United States or any state, and of any association the business of which is conducted or  
35 transacted by trustees under a written instrument or declaration of trust having its principal place  
36 of business in the commonwealth; and

37 (iv) preferred and common stock of any corporation described in the foregoing clause  
38 (iii).

39 Obligations to be eligible pursuant to clauses (i) and (ii) shall have an initial offering of at  
40 least \$50,000,000 and be rated at least a single A.

41 Any such approval granted by the commissioner shall be subject to such conditions and  
42 limitations as the commissioner may impose. The corporation may apply to invest up to 20 per  
43 cent of its assets under the authority granted in this section. The percentage of such assets  
44 authorized shall be determined by the commissioner. The commissioner may increase, modify,  
45 curtail or rescind or otherwise limit the corporation’s authority to make such investments.