

HOUSE No. 5026

Substituted by the House, on motion of Mr. Speliotis of Danvers, for a bill with the same title (House, No. 3690). December 28, 2018.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to interstate branching of a credit union and 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. Section 1 of chapter 171 of the General Laws, as appearing in the 2016
2 Official Edition, is hereby amended by striking out, in lines 43 and 44, the words “, having a
3 usual place of business within the commonwealth and.

4 SECTION 2. Said chapter 294 of the acts of 1961 is hereby amended by striking out
5 section 1, as appearing in section 1 of chapter 278 of the acts of 1982, and inserting in place
6 thereof the following section:-

7 Section 1. There is hereby constituted a corporation under the name of Massachusetts
8 Credit Union Share Insurance Corporation, hereinafter referred to as the corporation, for the
9 purpose of creating and maintaining a fund for the insurance of shares and deposits of members
10 of the Central Credit Union Fund, Inc. and of credit unions which are established under the laws
11 of (1) the commonwealth, (2) the states of Maine, New Hampshire, Vermont, New York,
12 Connecticut or Rhode Island, or (3) the United States, provided the credit union so established

13 under the laws of the United States has its principal place of business in of the commonwealth, or
14 the states of Maine, New Hampshire, Vermont, New York, Connecticut or Rhode Island.

15 In addition to any regulatory powers conferred pursuant to this act, the commissioner of
16 banks may promulgate regulations or other regulatory guidance relating to regular or excess
17 members of the corporation including, but not limited to, required information on applicants to
18 become regular or excess members in order to determine the potential impact on the risk to and
19 adequacy of the share insurance fund, and criteria upon which to base said determination.

20 SECTION 3. Section 1A of chapter 294 of the Acts of 1961 is hereby amended by
21 striking out the definition of “Excess Member”, inserted by section 1 of chapter 115 of the acts
22 of 1996, and inserting in place thereof the following definition:-

23 “Excess member”, an inactive member, a federally chartered credit union, or a state
24 chartered credit union whose excess shares and deposits, as hereinafter defined, shall become
25 insured by the corporation pursuant to this chapter.

26 SECTION 4. Said section 1A of said chapter 294 is hereby further amended by striking
27 out, the definition of “Federally chartered credit union”, inserted by said section 1 of said chapter
28 115, and inserting in place thereof the following definition:-

29 “Federally chartered credit union”, a credit union chartered under the laws of the United
30 States whose main office is located in the commonwealth, or the states of Maine, New
31 Hampshire, Vermont, New York, Connecticut or Rhode Island.

32 SECTION 5. Said section 1A of said chapter 294 is hereby further amended by striking
33 out, the definition of “State chartered credit union”, inserted by section 2 of said chapter 115, and
34 inserting in place thereof the following definition:-

35 “State chartered credit union”, a credit union chartered under the laws of the
36 commonwealth, or the states of Maine, New Hampshire, Vermont, New York, Connecticut or
37 Rhode Island.

38 SECTION 6. The first sentence of the first paragraph of section 6D of said chapter 294,
39 as appearing in section 4 of said chapter 115, is hereby amended by striking out the words
40 “located within the commonwealth”.

41 SECTION 7. Said section 6D of said chapter 294, as so appearing, is hereby amended by
42 striking out paragraph (b) and inserting in place thereof the following paragraph:-

43 (b) An excess member may have its excess shares and deposits insured only to the same
44 extent as is permitted for an excess member which is a credit union chartered under the laws of
45 the commonwealth subject to the maximum share and deposit limitations applicable to
46 Massachusetts state chartered credit unions under section 30 of chapter 171 of the General Laws.

47 SECTION 8. Said section 6D of said chapter 294, as so appearing, is hereby further
48 amended by striking out paragraphs (e) to (h), inclusive, and inserting in place thereof the
49 following 4 paragraphs:-

50 (e) Unless prohibited by applicable law or regulations, an excess member shall, in
51 addition to paragraph (d), be required and shall agree, to provide to the corporation copies of

52 examination reports and other reports and information regarding such credit union made by and
53 for any appropriate banking regulatory authority.

54 (f) An excess member shall be subject, and shall agree, to supervision and examination
55 by the commissioner and shall be subject to section 2 of chapter 167 of the General Laws. The
56 commissioner, in his or her sole discretion, periodically may examine the affairs of an excess
57 member to evaluate the level of risk of loss such excess member's financial condition may pose
58 to the corporation. The costs of such examination shall be borne by such credit union and shall
59 be determined annually by the secretary of administration and finance under section 3B of
60 chapter 7 of the General Laws. Upon examination, the commissioner may take such directions,
61 recommendations and orders to an excess member as he or she deems expedient to the same
62 extent as provided by section 3 of said chapter 167. Nothing contained herein shall limit an
63 excess member which is a federally chartered credit union from the exercise of any powers
64 authorized for a federally chartered credit union pursuant to and in conformance with the General
65 Credit Union Act, or applicable rules and regulations promulgated thereunder, or pursuant to
66 other applicable federal laws and regulations, or for a State Chartered Credit Union under the
67 laws or regulations of the chartering jurisdiction.

68 (g) An excess member shall obtain the approval of the corporation and the commissioner
69 prior to its merger or consolidation with, or the purchase of the assets and the assumption of the
70 share and deposit liabilities of a banking institution as defined by section 1 of chapter 167A of
71 the General Laws or a credit union chartered by the commonwealth, the United States or another
72 state. Failure to obtain such approvals shall result in an automatic termination of excess
73 insurance under section 6B.

74 (h) An excess member shall obtain the approval of the corporation and the commissioner
75 prior to its establishment of a branch office in any other state other than the commonwealth.
76 Failure to obtain such approvals shall result in an automatic termination of excess insurance
77 under said section 6B.

78 The commissioner may consider all information relative to the assessment of potential
79 risk to the share insurance fund, including but not limited to the following information:

80 (1) Information submitted in accordance with all provisions of this section, including but
81 not limited to the examination reports and information as set forth in paragraph (e) and a valid
82 agreement to be subject to supervision and examination by the commissioner as set forth in
83 paragraph (f);

84 (2) The existence of satisfactory agreements with the primary insurer and other regulators
85 regarding information sharing, confidentiality, and supervision coordination, and related matters;

86 (3) The existence of satisfactory agreements with other relevant entities; and

87 (4) Any additional information the commissioner requires upon which to base a
88 determination regarding potential risk to the share insurance fund that an applicant may present.

89 SECTION 9. Clause (iii) of the first paragraph of section 16 of said chapter 294, as
90 appearing in chapter 253 of the acts of 2014, is hereby amended by striking out the word “and”
91 the last time it appears.

92 SECTION 10. Clause (iv) of said first paragraph of said section 16 of said chapter 294, as
93 so appearing, is hereby amended by striking out the words “single A.” and inserting in place
94 thereof the following words:- single A; and

95 SECTION 11. Said first paragraph of said section 16 of said chapter 294, as so appearing,
96 is hereby amended by adding the following clause:-

97 (v) Upon a 2/3 vote of its board of directors and having established that such activity will
98 not adversely affect its safety and soundness and having adequate policies and procedures to
99 ensure such investments governing the performance of the corporation and its employees, to
100 minimize any credit, market, liquidity, operations, legal and reputation risks to the corporation,
101 the corporation may apply to the commissioner to make investments as follows:

102 (1) In investments not specifically enumerated in section 12 or this section . The
103 corporation may invest up to 15 per cent of its assets in these investments at the time of purchase
104 with the investment in any 1 issuer not exceeding 5 per cent of the corporation's total assets at
105 the time of purchase.

106 (2) The corporation may authorize investment advisers registered under the Investment
107 Advisers Act of 1940 to acquire or dispose of investments for the corporation.

108 Any such approval granted by the commissioner shall be subject to such conditions and
109 limitations as the commissioner may impose. The corporation may apply to invest up to 15 per
110 cent of its assets under the authority granted in this paragraph. The percentage of such assets
111 authorized shall be determined by the commissioner. The commissioner may increase, modify,
112 curtail or rescind or otherwise limit the corporation's authority to make such investments.