

SENATE No. 2438

The committee on Ways and Means to whom was referred the House Bill relative to banks and banking (House, No. 4176); reports, recommending that the same ought to pass with an amendment striking out all after the enacting clause and inserting in place thereof the text of Senate document numbered 2438; by striking out the emergency preamble and inserting in place thereof the following emergency preamble:- "Whereas, The deferred operation of this act would tend to defeat its purpose, which is to further regulate banks and banking, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience."; and by striking out the title and inserting in place thereof the following title:- "An Act further regulating banks and banking."

The Commonwealth of Massachusetts

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In the One Hundred and Ninety-First General Court
(2019-2020)
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1 SECTION 1. Chapter 167I of the General Laws is hereby amended by striking out
2 section 5, as appearing in the 2018 Official Edition, and inserting in place thereof the following
3 section:-

4 Section 5. If the commissioner has certified to the Depositors Insurance Fund that it is
5 unsafe or inexpedient for a member bank to continue to transact business, as provided in section
6 4 of chapter 43 of the acts of 1934, the member bank may be consolidated with or sell its assets
7 to another savings bank or co-operative bank, as applicable, on an expedited basis,
8 notwithstanding any general or special law to the contrary governing such transactions; provided,
9 however, that the following conditions shall be satisfied:

10 (i) the terms and conditions of the proposed consolidation or purchase and sale of assets
11 are set forth in a written plan or agreement between the continuing corporation and the
12 Depositors Insurance Fund on behalf of the certified member bank;

13 (ii) the consolidation or purchase and sale of assets and the written plan or agreement
14 setting forth such arrangement is approved by a vote of not less than 2/3 of the board of the
15 continuing corporation at a meeting duly called for such purpose and by a vote of not less than
16 2/3 of the board of directors of the Depositors Insurance Fund at a meeting duly called for such
17 purpose;

18 (iii) the commissioner determines that: (A) failure to take immediate action to effect a
19 consolidation with or sale of assets of the certified member bank to another savings bank or co-
20 operative bank, as applicable, is likely to undermine public confidence in banks; (B) the best
21 interests of the depositors of the certified member bank, the depositors of the continuing
22 corporation and the Depositors Insurance Fund will be served by an expedited consolidation or
23 sale of assets; and (C) the public convenience and advantage will be served by the proposed
24 consolidation or sale of assets; and

25 (iv) the commissioner approves in writing the proposed consolidation or purchase and
26 sale of assets, subject to such terms and conditions as may be deemed appropriate.

27 Upon the effective date of any consolidation pursuant to this section, the rights and
28 obligations of the certified member bank, the continuing corporation and their respective
29 depositors, debtors and creditors shall be governed by section 7.

30 A certificate endorsed by the president and clerk or 2 other duly-authorized officers of the
31 continuing corporation and the Depositors Insurance Fund on behalf of the certified member
32 bank stating that each corporation, respectively, has complied with the requirements of this
33 section shall be submitted to the commissioner. If the commissioner approves the consolidation

34 or sale of assets, the commissioner shall endorse the approval upon the certificate and thereupon
35 the consolidation or sale of assets shall become effective at the close of business on such date.

36 At any time and from time to time after the consolidation has become effective, copies of
37 the certificate may be certified and issued by the commissioner and may be filed in the several
38 registries of deeds and land court registry districts of the commonwealth and in any filing offices
39 established under chapter 106. Such certification shall be conclusive evidence for all purposes of
40 the succession by the continuing corporation to all rights and interests of the certified
41 corporation.

42 If the Deposit Insurance Fund of the Depositors Insurance Fund ceases to insure the
43 deposits or shares of a member bank and the commissioner determines that grounds exist to
44 require the commissioner's immediate assumption of possession and control of its assets under
45 section 22 of chapter 167, the commissioner shall, upon assumption of possession and control of
46 such member bank's assets, have all powers granted in this section to the Deposit Insurance Fund
47 to effect a consolidation or sale of assets on behalf of such corporation.

48 For the purposes of this section, "member bank" shall mean a savings bank or co-
49 operative bank in the Depositors Insurance Fund.

50 SECTION 2. Said chapter 167I is hereby further amended by striking out section 17, as
51 so appearing, and inserting in place thereof the following section:-

52 Section 17. (a) Upon a proposal to merge or consolidate a co-operative bank with and
53 into a bank, other than a co-operative bank, a federally-chartered bank or an out-of-state bank or
54 conversion to a federal charter, such co-operative bank shall send a notice in writing by
55 registered mail to the Depositors Insurance Fund, established by chapter 44 of the acts of 1932,

56 not less than 60 days before the meeting of the directors to vote on the merger, consolidation or
57 conversion.

58 Upon a merger or a consolidation by a co-operative bank with and into a bank, a
59 federally-chartered bank or an out-of-state bank, other than a co-operative bank, the co-operative
60 bank shall cease to be a member bank in the Depositors Insurance Fund. Notwithstanding any
61 general or special law to the contrary, upon any such merger or consolidation, the co-operative
62 bank shall not succeed to or acquire any rights, including, but not limited to, rights to dividends
63 or to the proceeds of any distribution in complete or partial dissolution or liquidation, in the
64 Depositors Insurance Fund or in its Liquidity Fund or Deposit Insurance Fund.

65 (b) Upon the acceptance by a co-operative bank of a federal charter and after the
66 commissioner has received from the state secretary a certificate that the co-operative bank,
67 hereinafter referred to as the predecessor corporation, has been duly recorded for dissolution,
68 paragraphs 1 and 2 shall apply.

69 (1) The predecessor corporation shall cease to be a member bank in the Depositors
70 Insurance Fund. Notwithstanding any general or special law to the contrary, following its
71 acceptance of a federal charter, the succeeding bank shall not retain, succeed to or acquire any
72 rights, including, but not limited to, rights to dividends or to the proceeds of any distribution in
73 complete or partial dissolution or liquidation, in the Depositors Insurance Fund or in its Liquidity
74 Fund or Deposit Insurance Fund, except to the extent specifically provided in this paragraph. If
75 the succeeding bank shall, subsequent to its acceptance of a federal charter: (i) convert to a
76 Massachusetts-chartered co-operative bank and become a member of the Depositors Insurance
77 Fund; or (ii) become a federal member of the Depositors Insurance Fund, the succeeding bank

78 shall, for so long as it shall remain a member or federal member bank of the Depositors
79 Insurance Fund, participate in any dividends paid pursuant to section 3 of chapter 43 of the acts
80 of 1934, any distributions made pursuant to section 10 of said chapter 43 and any dividends paid
81 and any withdrawals or returns of deposits authorized pursuant to section 4 of chapter 44 of the
82 acts of 1932, in each case based upon the retained amounts paid in by the predecessor
83 corporation to the Deposit Insurance Fund and the Liquidity Fund, respectively, without regard
84 to whether such amounts were paid before or after acceptance of a federal charter, or upon the
85 unexpended portion thereof, in the same manner and to the same extent as it would have been
86 entitled to participate if the predecessor corporation had not accepted a federal charter.

87 (2) The predecessor corporation or the succeeding bank shall pay to the Deposit
88 Insurance Fund or make provision for payment thereto of a sum equal to 3 annual assessments,
89 referred to in section 4 of said chapter 43 at the percentage rate in effect at the time the
90 predecessor corporation ceased to be a member bank and computed on the basis of its share
91 liabilities and notes payable as shown by its last annual report to the commissioner preceding the
92 conversion or, at its option or at the option of the succeeding bank as shown by the records of the
93 predecessor corporation on the effective date of conversion. Until such sum shall have been paid
94 in full, payments on account thereof shall be made annually or more often by the predecessor
95 corporation or the succeeding bank; provided, however, that not less than 1/3 of such sum shall
96 be paid annually; provided further, that if any such 1/3 shall not be so paid or if, at the end of 3
97 years from the time the predecessor corporation ceased to be a member bank, such sum shall not
98 have been paid in full, the entire balance thereof may be incurred by the Depositors Insurance
99 Fund, together with interest thereon, in any manner provided by law for the collection of debts.
100 The predecessor corporation or the succeeding bank may authorize the deduction of such sum, in

101 whole or in part, from the amount, if any, of the portions of said other assessments to which the
102 succeeding bank may be entitled as hereinbefore provided. If, however, by federal law or
103 regulation a federal bank converting therefrom to a co-operative bank is required to pay to the
104 Federal Deposit Insurance Corporation a sum equal to annual premiums or assessments for other
105 than a period of 3 years, then the number of annual assessments payable to the Deposit Insurance
106 Fund under this section shall be for the same number of years as is so required.

107 (c) The commissioner may establish the procedure to be followed by a federal bank or
108 federal thrift converting into a co-operative bank; provided, however, that no such conversion
109 shall become effective unless approved in writing by the commissioner. The commissioner shall
110 not grant approval until the commissioner has received notice from the Deposit Insurance Fund
111 of the Depositors Insurance Fund that arrangements satisfactory to the Deposit Insurance Fund
112 have been made for the conversion.

113 If an application for conversion is approved by the commissioner as provided in this
114 section, such federal bank or federal thrift shall cause to be filed with the state secretary the
115 name, residence and post office address of each of the officers and directors of such federal bank
116 or federal thrift, a copy of its proposed by-laws amended to conform with the requirements of
117 section 7 and such other information as the state secretary may require.

118 After approval of the conversion by the commissioner and receipt by the commissioner of
119 satisfactory evidence that all federal laws and regulations relative to the conversion have been or
120 will be duly complied with, the commissioner shall file with the state secretary a certificate of
121 the commissioner's approval. After receipt of the certificate by the state secretary, if the state
122 secretary finds that the requirements of this section have been satisfactorily complied with, the

123 state secretary shall so certify and upon receipt of a fee, the amount of which shall be determined
124 annually by the secretary of administration and finance under section 3B of chapter 7, the state
125 secretary shall issue to the officers and directors, in such form as the state secretary may
126 prescribe, a certificate of incorporation as a co-operative bank.

127 Simultaneously with the receipt of the certificate, the bank, hereinafter referred to as the
128 succeeding corporation, shall become a member of the Depositors Insurance Fund and of the
129 Deposit Insurance Fund. Before the succeeding corporation shall commence business as a co-
130 operative bank, it shall pay into the Liquidity Fund of the Depositors Insurance Fund, established
131 under chapter 44 of the acts of 1932, an amount equal to the deposit required of a member bank
132 thereof of similar size, as of the date of the certificate, plus such additional amount based upon
133 the surplus of the Liquidity Fund, as the directors of the Depositors Insurance Fund, with the
134 approval of the commissioner, shall determine to be equitable.

135 In addition to the payment to the Liquidity Fund, the succeeding corporation shall pay to
136 the Deposit Insurance Fund or make provision for payment thereto of such a sum as the directors
137 of the Depositors Insurance Fund, with the approval of the commissioner, shall determine to be
138 equitable; provided, however, that the succeeding corporation shall pay to the Deposit Insurance
139 Fund such proportion of any current annual assessment as shall have accrued to the date of the
140 certificate.

141 After compliance with the foregoing requirements, the succeeding corporation shall be
142 entitled to exercise all of the rights and privileges and shall be subject to all of the duties and
143 obligations of a co-operative bank and shall conduct its business subject to this chapter and other
144 applicable laws; provided, however, that with the approval of the commissioner, the succeeding

145 corporation shall have reasonable time after the effective date of the conversion within which to
146 comply with any particular laws not hereinbefore specifically provided for and which it shall be
147 unable to comply with on or before the effective date.

148 SECTION 3. Section 21 of chapter 170 of the General Laws, as appearing in the 2018
149 Official Edition, is hereby amended by inserting after the word “Association,” in line 32, the
150 following words:- former employees and annuitants of.

151 SECTION 4. Subsection (m) of section 80A of chapter 171 of the General Laws, as so
152 appearing, is hereby amended by striking out the first and second sentences and inserting in place
153 thereof the following 2 sentences:- If the conversion to a mutual savings bank or a mutual co-
154 operative bank is approved by the members, and the commissioner receives notification from the
155 converting credit union that approvals required under state and federal law and regulations,
156 including approvals needed for deposit insurance by the Federal Deposit Insurance Corporation,
157 have been obtained and that any waiting period prescribed by federal law has expired or it will
158 become a member of the Depositors Insurance Fund and of the Deposit Insurance Fund thereof
159 and has made all applicable payments thereto as determined by the commissioner, a certificate to
160 transact business shall be issued by the commissioner as applicable. A conversion to a state-
161 chartered savings bank or a state-chartered co-operative bank under this section shall not be
162 consummated until arrangements satisfactory to the Depositors Insurance Fund have been made
163 and notice thereof has been received by the commissioner.

164 SECTION 5. Chapter 44 of the acts of 1932, as most recently amended by section 20 of
165 chapter 64 of the acts of 1999, is hereby further amended by striking out section 1 and inserting
166 in place thereof the following section:-

167 Section 1. All the savings banks established under the laws of the commonwealth and
168 subject to chapter 168 of the General Laws, hereinafter referred to as member banks, are hereby
169 constituted as a corporation under the name of the Depositors Insurance Fund, hereinafter
170 referred to as the corporation. All co-operative banks established under the laws of the
171 commonwealth and subject to chapter 170 of the General Laws shall also be members of the
172 corporation. The term “member bank” shall mean each such savings bank and co-operative bank.

173 It shall be the purpose of the corporation to assist member banks when they are
174 temporarily in need of cash or hold investments that cannot readily be liquidated by making
175 loans to any of them secured by the pledge of mortgages or other securities legally held by such
176 member banks. Any bank established under the authority of said chapters 168 and 170 shall upon
177 its organization be a member bank; provided, however, that such a bank meets the membership
178 qualification requirements of section 17B of chapter 43 of the acts of 1934 at all times. The
179 assets of the corporation shall be divided into 2 separate and distinct funds as follows: (i) the
180 Liquidity Fund, which shall consist of all assessments collected under section 4 and all
181 investments thereof and all income thereon; and (ii) the Deposit Insurance Fund established by
182 said chapter 43.

183 Any federal savings bank with its main office located in the commonwealth and which
184 has converted from a state charter shall be eligible and may apply for insurance coverage by the
185 Deposit Insurance Fund of its deposits in excess of the amount insured by a federal deposit
186 insurance agency in accordance with the requirements of said chapter 43.

187 As used in this act, the term “federal deposit insurance agency” shall mean the Federal
188 Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or any

189 successor to the Federal Deposit Insurance Corporation or the Federal Savings and Loan
190 Insurance Corporation.

191 The corporation may require each member bank to certify at least annually that it meets
192 the membership qualification requirements of said section 17B of said chapter 43 and to submit
193 such reports and information as the corporation deems appropriate to determine whether such
194 member bank meets or is likely to meet such membership qualification requirements.

195 SECTION 6. Section 2 of said chapter 44, as most recently amended by section 21 of
196 chapter 64 of the acts of 1999, is hereby further amended by striking out the first sentence and
197 inserting in place thereof the following sentence:- The officers of the corporation shall be a
198 president, at least 1 vice-president, a treasurer, a clerk and such other officers as the
199 corporation's by-laws may provide.

200 SECTION 7. Said section 2 of said chapter 44, as so amended, is hereby further amended
201 by adding the following paragraph:-

202 The corporation's by-laws may provide for such matters as the board of directors deems
203 appropriate to implement this act and shall prescribe membership qualification requirements
204 pursuant to section 17B of chapter 43 of the acts of 1934.

205 SECTION 8. Section 7 of said chapter 44, as most recently amended by section 77 of
206 chapter 371 of the acts of 1983, is hereby further amended by striking out clause (e) and inserting
207 in place thereof the following clause:-

208 (e) Deposits in federally-insured banks.

209 SECTION 9. The third sentence of section 8 of said chapter 44 is hereby further amended
210 by inserting after the word “banks” the following words:- and co-operative banks.

211 SECTION 10. Section 10 of said chapter 44, added by section 3 of chapter 178 of the acts
212 of 1987, is hereby amended by striking out the first sentence and inserting in place thereof the
213 following sentence:- The corporation shall have the authority to indemnify its directors, trustees,
214 officers, employees and other agents and the former directors, former officers, former employees
215 and other former agents of the Co-operative Central Bank to whatever extent specified in or
216 authorized by the corporation’s by-laws.

217 SECTION 11. The third paragraph of said section 10 of said chapter 44, as appearing in
218 said section 3 of said chapter 178, is hereby amended by inserting after the word “corporation”,
219 the second time it appears, the following words:- or the Co-operative Central Bank.

220 SECTION 12. Chapter 45 of the acts of 1932 is hereby repealed.

221 SECTION 13. The first sentence of section 1 of chapter 43 of the acts of 1934, as most
222 recently amended by section 24 of chapter 64 of the acts of 1999, is hereby further amended by
223 inserting after the words “savings banks” the following words:- and co-operative banks.

224 SECTION 14. The first paragraph of section 1A of said chapter 43, as most recently
225 amended by section 167 of chapter 189 of the acts of 1984, is hereby further amended by striking
226 out the words “twenty-five of chapter one hundred and sixty eight” and inserting in place thereof
227 the following words:- 12 of chapter 167J of the General Laws.

228 SECTION 15. Section 3 of said chapter 43, as inserted by section 33 of chapter 238 of
229 the acts of 1996, is hereby amended by striking out the fifth sentence and inserting in place

230 thereof the following sentence:- In the case of a merger or consolidation of a member bank with
231 1 or more other member banks under sections 2, 3 or 5 of chapter 167I of the General Laws or a
232 sale of assets of such bank to and the assumption of the liabilities by 1 or more other member
233 banks under section 8 of said chapter 167I, the continuing bank shall succeed to any of the rights
234 of the discontinuing bank in the assessments theretofore paid by the discontinuing bank;
235 provided, however, that if the continuing bank is, and the discontinuing bank is not, a member of
236 the federal deposit insurance agency, section 15 shall apply to such assessments of the
237 discontinuing bank as though the bank had become a member of a federal deposit insurance
238 agency as provided in sections 12 to 15, inclusive.

239 SECTION 16. The third paragraph of section 3A of said chapter 43 is hereby amended by
240 striking out the words “at least two thirds of its” and inserting in place thereof the following
241 words:- not less than 2/3 of its directors or.

242 SECTION 17. Said section 3A of said chapter 43, as most recently amended by chapter
243 371 of the acts of 1983, is hereby further amended by striking out the fourth paragraph and
244 inserting in place thereof the following paragraph:-

245 Notwithstanding section 15 of chapter 167I of the General Laws relative to voluntary
246 dissolution and liquidation of a member bank, in order to give effect to the purpose of this
247 section and subject to the approval of the commissioner and of the corporation, such member
248 bank may be dissolved and liquidate its affairs if authorized by vote of not less than 2/3 of its
249 directors or trustees; provided, however, that another member bank shall have assumed and
250 agreed to pay the whole of the deposits of such member bank under section 8 of said chapter
251 167I. A liquidating committee of 3 persons, subject to the approval of the corporation, shall

252 thereupon be elected by and from the directors or trustees and, under such regulations as may be
253 prescribed by the commissioner, shall liquidate the remaining assets and, after satisfying or
254 adjusting all debts of and claims against such member bank not assumed by such other member
255 bank, shall distribute the remaining proceeds among those entitled thereto proportionate to their
256 respective interests therein. The supreme judicial court, or any justice thereof, shall have
257 jurisdiction in equity to enforce this paragraph and to act upon all applications and in all
258 proceedings thereunder.

259 SECTION 18. The sixth sentence of section 6 of said chapter 43 is hereby amended by
260 inserting after the words “board of” the following words:- directors or.

261 SECTION 19. Said chapter 43 is hereby further amended by striking out section 7 and
262 inserting in place thereof the following section:-

263 Section 7. For the purpose of carrying out this act, the corporation may exercise all the
264 powers, rights and franchises of any bank of which the corporation has taken over the control,
265 possession and operation thereof under this act and may exercise all the powers and rights of the
266 corporators or shareholders of such a bank relative to a merger or consolidation conferred upon
267 them by sections 2, 3 and 5 of chapter 167I of the General Laws.

268 SECTION 20. Section 10 of said chapter 43, as most recently amended by section 25 of
269 chapter 64 of the acts of 1999, is hereby further amended by striking out the seventh sentence
270 and inserting in place thereof the following 2 sentences:- Upon any such vote to dissolve and
271 liquidate the Deposit Insurance Fund, the corporation shall distribute, over a period of not more
272 than 12 months, the amount of the fund so voted for distribution. Distributions shall be based
273 upon the member banks’ respective liquidation rights in the Deposit Insurance Fund and the

274 Share Insurance Fund of the Co-operative Central Bank as of the effective date of the transfer of
275 the Share Insurance Fund into the Deposit Insurance Fund adjusted for any pro-rata post-transfer
276 changes in the surplus account of the Deposit Insurance Fund based upon paid assessments;
277 provided, however, that the liquidation rights of co-operative bank members shall be reduced to
278 reflect any contingent liability that is incurred by the corporation as a direct result of the merger
279 of the Co-operative Central Bank and the corporation within 3 years from the effective date of
280 the merger.

281 SECTION 21. The fourth subparagraph of paragraph (a) of section 17 of said chapter 43,
282 as inserted by section 29 of chapter 64 of the acts of 1999, is hereby amended by adding the
283 following sentence:- The corporation, with the approval of the commissioner, may in its sole
284 discretion settle or compromise the distribution rights under section 10 of a member bank that
285 has withdrawn pursuant to section 17A.

286 SECTION 22. Said chapter 43 is hereby further amended by inserting after section 17A,
287 as added by section 30 of chapter 64 of the acts of 1999, the following section:-

288 Section 17B. (a) A member bank shall at all times meet the membership qualification
289 requirements prescribed by the corporation's by-laws adopted pursuant to section 2 of chapter 44
290 of the acts of 1932.

291 (b) If the corporation determines by a vote of not less than 2/3 of the full membership of
292 its board of directors that a member bank is unlikely to meet the membership qualification
293 requirements of the corporation's by-laws, the corporation shall inform the commissioner of its
294 determination and the basis for its determination. If the commissioner agrees with the
295 corporation's determination, the directors may require the member bank to meet the

296 requirements by: (i) restructuring the member bank's balance sheet; or (ii) taking such other
297 actions as the directors deem appropriate. The terms and conditions of any such required actions
298 shall become effective when approved by the commissioner.

299 (c) Whenever the directors determine that a member bank is unlikely to meet the
300 membership qualification requirements of the corporation's by-laws, the directors shall notify the
301 member bank in writing, including an explanation for the basis of the directors' determination,
302 and advise the member bank of any of the requirements imposed pursuant to paragraph (b). The
303 member bank shall comply with the requirements enumerated in the written notification within
304 60 days. Notwithstanding any general or special law to the contrary, if a member bank that is not
305 a savings bank fails to comply within the 60-day period, the member bank shall, by operation of
306 law, become a savings bank subject to chapter 168 of the General Laws at the end of the 60-day
307 period.

308 (d) The corporation may make rules and establish procedures for making membership
309 qualification determinations pursuant to this section.

310 (e) Upon the conversion of a member bank into a savings bank, the corporate existence of
311 the member bank shall not terminate, but the savings bank shall be deemed to be a continuation
312 of the entity of the member bank so converted, and all property of the converted member bank,
313 including its rights, title and interests in and to all property, whether real, personal or mixed, and
314 things in action, and every right, privilege, interest and asset of any conceivable value or benefit
315 then existing or pertaining to it, or which would inure to it, shall immediately, by act of law and
316 without any conveyance, transfer, further act or deed, remain and be vested in and continue and
317 be the property of such savings bank into which the member bank has been converted. The

318 savings bank shall have, hold and enjoy the same in its own right as fully and to the extent as the
319 same was held, possessed and enjoyed by the converting bank and the savings bank, as of the
320 effective date of the conversion, shall continue to have and succeed to all the rights, obligations
321 and relations of the converting bank. All pending actions and other judicial proceedings to which
322 the converting bank is a party shall not be abated or discontinued by reasons of the conversion
323 and may be prosecuted to final judgment, order or decree in the same manner as if the conversion
324 into the savings bank had not been made, and the savings bank resulting from the conversion
325 may continue such action in its corporate name as a savings bank. Any judgment, order or decree
326 may be rendered for or against such savings bank that might have been rendered for or against
327 the converting bank theretofore involved in such judicial proceedings.

328 (f) After compliance with the requirements under this section, the succeeding corporation
329 shall thereafter be entitled to exercise all of the rights and privileges and shall be subject to all of
330 the duties and obligations of a savings bank and shall conduct its business subject to chapter 168
331 of the General Laws and other applicable laws; provided, however, that, with the approval of the
332 commissioner, the succeeding corporation shall have a reasonable time after the effective date of
333 the conversion within which to comply with any particular laws not hereinbefore specifically
334 provided for and that it shall be unable to comply with on or before the effective date of the
335 conversion.

336 SECTION 23. Chapter 73 of the acts of 1934 is hereby repealed.

337 SECTION 24. (a) The Co-operative Central Bank established by chapter 45 of the acts of
338 1932 may merge with and into the Depositors Insurance Fund under the name of the Depositors
339 Insurance Fund, pursuant to an agreement and plan of merger. Before the merger between the

340 Co-operative Central Bank and the Depositors Insurance Fund, the boards of directors of the Co-
341 operative Central Bank and the Depositors Insurance Fund shall approve of the agreement and
342 plan of merger by a 2/3 vote of each board. The agreement and plan of merger shall establish the
343 terms and conditions of the merger, in addition to those terms and conditions set forth in this
344 section, which shall include membership qualification requirements to be incorporated into the
345 Depositors Insurance Fund's by-laws, effective as of the consummation of any such merger, and
346 any other provisions that the Depositors Insurance Fund deems appropriate to effectuate this act.

347 (b) Upon receipt of the required approvals of the directors of the Co-operative Central
348 Bank and the Depositors Insurance Fund, the articles of merger and the surviving Depositors
349 Insurance Fund's amended by-laws shall be filed with the commissioner of banks and shall state:
350 (i) the Depositors Insurance Fund as the surviving corporation; and (ii) the effective date of the
351 merger determined pursuant to the agreement and plan of merger. The articles of merger shall be
352 signed by the presidents and the clerks of the Co-operative Central Bank and the Depositors
353 Insurance Fund, who shall state under the penalties of perjury that the agreement and plan of
354 merger has been duly executed on behalf of each entity and has been approved by the directors
355 as required.

356 (c) No such merger shall occur until the merger and restated by-laws of the surviving
357 corporation are approved in writing by the commissioner of banks under such terms and
358 conditions as the commissioner may impose. Upon the commissioner's approval of the merger
359 and the amended by-laws, the commissioner of banks shall endorse said articles of merger. The
360 commissioner of banks shall file the approval immediately with the clerks of the senate and
361 house of representatives and the state secretary and prominently post the approval on the division
362 of banks' website.

363 (d) Upon the merger authorized under this act, the corporate existence of the Co-
364 operative Central Bank shall cease. All of the rights and privileges of the Co-operative Central
365 Bank and its right, title and interest to all property of whatever kind and thing in action, and
366 every right, privilege, interest or asset then existing that would inure to it except for such merger,
367 shall fully, and without any right of reversion, by operation of law be transferred to or vested in
368 the Depositors Insurance Fund, without further act or deed, and the Depositors Insurance Fund as
369 the continuing corporation shall have and hold the same in its own right to every extent that the
370 same was owned and held by the Co-operative Central Bank.

371 (e) The Co-operative Central Bank's obligations and liabilities to any member, creditor or
372 other person as of the effective date of the merger shall remain unimpaired and the Depositors
373 Insurance Fund shall, by operation of law, succeed to all such obligations and liabilities as
374 though it had itself incurred the obligation or liability. The Co-operative Central Bank's
375 liabilities and obligations to creditors, existing for any cause whatsoever, shall not be impaired
376 by the merger, and no obligation or liability of any member in the Co-operative Central Bank or
377 Depositors Insurance Fund shall be affected by any such merger, but such obligations and
378 liabilities shall continue as fully and to the same extent as the same existed before the merger.

379 (f) The Share Insurance Fund of the Co-operative Central Bank established by chapter 73
380 of the acts of 1934 shall be combined with and into the Deposit Insurance Fund of the Depositors
381 Insurance Fund established by chapter 43 of the acts of 1934. The Reserve Fund of the Co-
382 operative Central Bank established by chapter 45 of the acts of 1932 shall be combined with and
383 into the Liquidity Fund of the Depositors Insurance Fund established by chapter 44 of the acts of
384 1932.

385 SECTION 25. Notwithstanding any general or special law to the contrary, a co-operative
386 bank established under the laws of the commonwealth and subject to chapter 170 of the General
387 Laws that does not meet the Depositors Insurance Fund's membership qualification requirements
388 as of the effective date of the merger authorized in section 24 shall immediately be converted
389 into a savings bank pursuant to section 17B of chapter 43 of the acts 1934 without any further
390 action by the Depositors Insurance Fund or the commissioner of banks as of the effective date of
391 the merger.

392 SECTION 26. Notwithstanding section 2 of chapter 44 of the acts of 1932, for a period of
393 3 years after the effective date of this act, the by-laws of the Depositors Insurance Fund may
394 provide for a number of directors greater than 12 and may impose term limits in order to
395 effectuate the purposes of this act.

396 SECTION 27. Sections 1 to 5, inclusive, 9 to 13, inclusive, 20 and 23 shall take effect
397 upon the commissioner of banks' approval of the articles of merger under section 24.