SLS 18RS-546 **ORIGINAL**

2018 Regular Session

SENATE BILL NO. 187

BY SENATOR MARTINY

FINANCIAL INSTITUTIONS. Provides relative to acquisition or change of control of state-chartered financial institutions or holding companies. (8/1/18)

1	AN ACT
2	To enact R.S. 6:121.9, relative to state-chartered financial institutions or holding companies;
3	to provide for acquisition or change of control of state-chartered financial institutions
4	or holding companies; to provide relative to duties of the commissioner; to provide
5	for certain conditions, terms, and procedures; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 6:121.9 is hereby enacted to read as follows:
8	§121.9. Acquisition or change of control of state-chartered financial
9	institutions or holding companies; application and notification
10	A. As used in this Section:
11	(1) "Control" means the power, directly or indirectly, to direct the
12	management or policies of a person or to vote twenty-five percent or more of
13	any class of voting securities of a person. Control is presumed if immediately
14	after any transaction, the acquiring person or persons acting in concert will
15	own, control, or hold with power to vote ten percent or more of any class of
16	voting securities of the institution, and if either:
17	(a) The person has registered securities under Section 12 of the

1	Securities Exchange Act of 1934, 15 U.S.C. 781, as amended.
2	(b) No other person will own, control, or hold the power to vote a
3	greater percentage of that class of voting securities immediately after the
4	transaction.
5	(2) "Holding company" means any person who directly or indirectly
6	owns, controls, or has power to vote twenty-five percent or more of any class of
7	the voting shares of any state-chartered financial institution or who controls in
8	any manner the election of a majority of the directors of a state-chartered
9	financial institution.
10	(3) "In concert" means knowing participation in a joint activity or
11	parallel action towards a common goal of acquiring control of a person whether
12	or not such participation is pursuant to an expressed agreement.
13	(4) "Person" means any natural or juridical person.
14	B. No person, acting directly, indirectly, through, or in concert with one
15	or more persons, shall acquire control of any state-chartered financial
16	institution or its holding company without the permission of the commissioner.
17	C.(1) A person seeking permission to acquire control of a
18	state-chartered financial institution or its holding company shall file an
19	application with the commissioner at least ninety days prior to the proposed
20	effective date of the acquisition of control.
21	(2) The application form may be developed by the commissioner or the
22	commissioner may accept a standardized form that utilizes criteria established
23	by the appropriate federal regulator of the institution or holding company.
24	D. The commissioner shall issue a written notice approving or
25	disapproving the proposed acquisition or change of control not later than sixty
26	days following the date the application was filed with the commissioner.
27	However, this period of time may be extended for a reasonable period of time
28	upon a showing of good cause by the commissioner that additional information
29	is required for a determination to be made upon the application.

1 E. A notice of disapproval shall be issued if the competence, experience, 2 character, integrity, or financial responsibility of the applicant indicates that it 3 would not be in the best interest of the depositors of the institution or the public 4 to permit the proposed acquisition of control of the financial institution or its 5 holding company. F. A decision shall be issued pursuant to the provisions of R.S. 6:132 and 6 7 review of such decision is subject to the provisions of Part III of Chapter 2 of 8 this Title.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

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SB 187 Original

Martiny

Proposed law defines the following terms:

- (1) "Control" means the power, directly or indirectly, to direct the management or policies of a person or to vote 25% or more of any class of voting securities of a person. Control is presumed if immediately after any transaction, the acquiring person, or persons acting in concert, will own, control, or hold with power to vote ten percent or more of any class of voting securities of the institution, and if either:
 - (a) The person has registered securities under Section 12 of the Securities Exchange Act of 1934, as amended.
 - (b) No other person will own, control, or hold the power to vote a greater percentage of that class of voting securities immediately after the transaction.
- (2) "Holding company" means any person who directly or indirectly owns, controls, or has power to vote 25% or more of any class of the voting shares of any state-chartered financial institution or which controls in any manner the election of a majority of the directors of a Louisiana state-chartered financial institution.
- (3) "In concert" means knowing participation in a joint activity or parallel action towards a common goal of acquiring control of a person whether or not such participation is pursuant to an expressed agreement.
- (4) "Person" means any natural or juridical person.

<u>Proposed law</u> provides that no person, acting directly, indirectly, through, or in concert with one or more persons, shall acquire control of any state-chartered financial institution or its holding company without the permission of the commissioner.

<u>Proposed law</u> provides that a person seeking permission to acquire control of a state-chartered financial institution or its holding company shall file an application with the commissioner at least 90 days prior to the proposed effective date of the acquisition of control.

Proposed law allows the commissioner to develop the application form or accept a

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Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

standardized form that utilizes criteria established by the appropriate federal regulator of the institution or holding company.

<u>Proposed law</u> requires the commissioner to issue a written notice approving or disapproving the proposed acquisition or change of control not later than 60 days following the date the application was filed with the commissioner. However, this period of time may be extended for a reasonable period of time upon a showing of good cause by the commissioner that additional information is required for a determination to be made upon the application.

<u>Proposed law</u> provides that a notice of disapproval shall be issued if the competence, experience, character, integrity, or financial responsibility of the applicant or applicants indicates that it would not be in the best interest of the depositors of the institution or the public to permit the proposed acquisition of control of the financial institution or its holding company.

Proposed law provides for the issuance of a decision and the review of such decision.

Effective August 1, 2018.

(Adds R.S. 6:121.9)