



STATE OF WISCONSIN

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OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

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CERTIFICATE

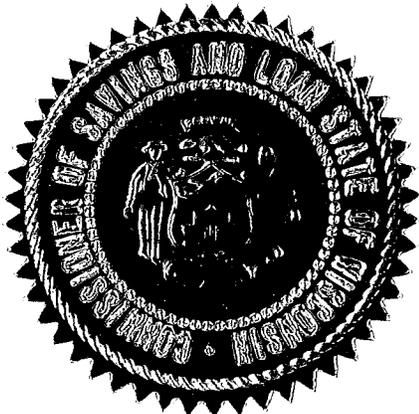
ORDER NO. 146

I, Harold N. Lee, Jr., Commissioner of Savings and Loan and custodian of the official records of the Office of the Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 146, relating to conversion from mutual to stock savings banks was adopted by the Office of the Commissioner of Savings and Loan.

These rules shall become effective on the first day of the month following its publication in the Wisconsin Administrative register, pursuant to s. 227.22(2)(intro.), Stats.

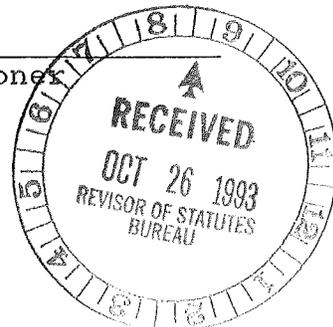
I further certify that that copy of the Order annexed hereto has been compared by me with the original on file in this office and that the same is a true copy thereof, and the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of this office in the City of Madison this 25th day of October, 1993.



Harold N. Lee, Jr.

 Harold N. Lee, Jr., Commissioner





Office of Commissioner of Savings and Loan

ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
CREATING A RULE

Relating to mutual to stock savings banks.

Analysis Prepared by the
Office of the Commissioner of Savings and Loan

See the multi-paged attachment for this analysis and for the full text of the rule.

Fiscal estimate. This rule will have no fiscal impact on the office of the commissioner of savings and loan. It will be administered by existing personnel and with existing resources under the agency's current operating budget.

Small business flexibility statement. This rule will equally apply to all savings banks, including those covered by the definition of "small business" under s. 227.114(1)(a), Stats. This agency believes that none of the methods in s. 227.114(2), Stats., for reducing the impact of the rule on any savings bank which may fall under the definition of "small business" would be feasible. Doing so would be contrary to the overriding and contrary statutory objectives of ch. 214, Stats., of assuring the stability, safety and soundness of all savings banks established and regulated under ch. 214, Stats.

Pursuant to the authority vested in the commissioner of savings and loan by s. 214.715(1)(d), Stats., the commissioner hereby adopts chapter SB 21, relating to conversion from mutual to stock savings banks.

Dated: October 25, 1993

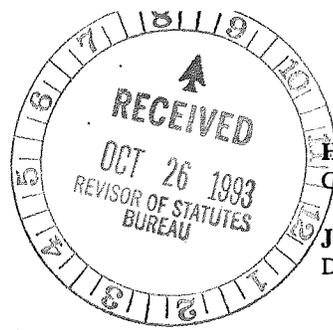
Attachments

OFFICE OF THE
COMMISSIONER OF SAVINGS AND LOAN



Harold N. Lee, Jr.
Harold N. Lee, Jr., Commissioner

Tommy G. Thompson
Governor



Harold N. Lee, Jr.
Commissioner

J. David Christenson
Deputy Commissioner

State of Wisconsin

Office of the Commissioner of Savings and Loan

4785 Hayes Road, Suite 202 • Madison, Wisconsin 53704-7365 • (608) 242-2180 • FAX# (608) 242-2187

Analysis Prepared by the Office of the Commissioner of Savings and Loan

Statutory authority: ss. 214.07, 214.685(1) and (8), 214.095 and 214.62 to 214.64, Stats.

Statute interpreted: ss. 214.07, 214.685, 214.095 and 214.62 to 214.64, Stats.

This rule implements s. 214.685, Stats. ("Organizational conversion of mutual savings bank to a stock savings bank") and clarifies procedures for a mutual savings bank to convert to stock form. Section 214.685(8), Stats. directs the commissioner of savings and loan ("commissioner") to adopt rules on ten specified topics relative to conversions to stock form. This rule complies with that directive.

This chapter generally parallels the procedures adopted by the federal Office of Thrift Supervision for similar mutual to stock conversions by federal savings institutions. Those procedures are set out in federal regulations at 12 CFR Part 563b, titled "Conversions from mutual to stock form". There are differences, however, between the state rule and federal regulation.

Section SB 21.01 (titled "Definitions") contains definitions applicable to the chapter.

Sections SB 21.10 and SB 21.11 (titled "Contents of plan of conversion" and "Optional provisions in plan of conversion") prescribe both mandatory and optional provisions for inclusion in the "plan of conversion". This "plan" is required by statute (s. 214.685(1), Stats.) and describes the procedures and substance of the change from mutual to stock form. It must be adopted by the mutual institution's board of directors and membership and approved by the commissioner.

Some items which must be included in the plan of conversion include provisions on stock sales based on an independent valuation of the institution; subscription rights to the stock for eligible account holders; how oversubscriptions of stock will be treated; limitations on stock purchases by officers and directors of the institution; the sale price of stock; and requiring a time period to be established for completion of the conversion up to 24 months.

Optional items which may be added to the plan of conversion include provision for a community or public offering; additional subscription rights for directors, officers and employees; limitations on stock purchases; and substantive and procedural provisions relating to the stock offering circular.

Section SB 21.12 (titled "Determination of amount of qualifying deposits") provides that, unless otherwise provided in the plan of conversion, the amount of qualifying deposits of an account holder -- for purposes of determining eligibility for subscription rights -- is the total of the person's deposits on a date which is specified by the institution. The plan may limit subscription rights to persons with deposit balances of \$500 or a smaller amount.

Section SB 21.13 (titled "Liquidation account") directs each converting institution to establish a liquidation account equal to the institution's net worth on the last practicable date prior to conversion. This account shall be maintained for distribution to eligible account holders in the mutual institution if the stock institution is liquidated.

Section SB 21.14 (titled "Restrictions on repurchase of stock and payment of dividends") prohibits a converted institution from repurchasing its stock for 3 years with 4 specified exceptions. In addition, a stock savings bank is prohibited from declaring or paying a dividend if that would cause the capital to be reduced below the amount required for the liquidation account. Also, conditions are imposed on an institution's repurchase of its own stock (ex., repurchase may not reduce the institution's capital requirement below 6%).

Section SB 21.15 (titled "Manipulative and deceptive devices prohibited") relates to the offer, sale and purchase of stock during a conversion and prohibits persons on behalf of an institution to defraud or deceive anyone or misstate facts regarding the stock sale or the institution.

Section SB 21.16 (titled "Acquisition of the securities of converting and converted savings institutions") prohibits account holders and non-account holders agreeing that the account holder would purchase stock on behalf of the non-account holder. Violations are subject to the subscription rights being cancelled or, if the stock has been issued, surrender of it to the commissioner for transfer to the school fund. Persons are also prohibited from trying to acquire or acquiring stock in excess of applicable maximum purchase limitations. In addition, for five years after the organizational conversion, no person may offer to acquire or acquire more than 10% of any of the institution's equity securities. Exceptions are provided to each of the above principles in limited circumstances.

Section SB 21.17 (titled "Priority of rules") mandates that this chapter of rules supersedes any inconsistent article of incorporation or bylaw of a converting institution.

Section SB 21.21 (titled "Information prior to approval of plan of conversion") requires officers, directors and employees who are involved in or who become aware of conversion plans to keep that information confidential. Contingencies are prescribed for breach of this confidence (ex., the commissioner may order a public statement or may limit subscription rights of a violator). After the board of directors adopts a plan of conversion, the rule provides procedures for notifying institution members and the public.

After the commissioner determines that a conversion application is complete, s. SB 21.22 (titled "Notice of filing") provides for the publication of a

notice that an institution plans to convert from mutual to stock.

Section SB 21.23 (titled "Solicitation of proxies, proxy statement") establishes proxy procedures for the meeting of members at which a plan of conversion is to be voted upon with two exceptions: management solicitations of 50 persons or less and specified types of newspaper advertisement solicitations. The rule, in sub. (6), states that an existing proxy may be used if it is not revoked by the member.

For a new proxy, the rule requires the mailing of a proxy form; lists the requirements of the solicitation and the form; places limits on the duration and use of a proxy; requires disclosure of how the proxy will be voted; provides for mailing communications for members; prohibits false or misleading statements in proxy solicitation materials; requires the correction of misstatements; and prohibits certain types of proxy solicitations (ex., an undated or post-dated proxy or an irrevocable proxy).

Section SB 21.24 (titled "Vote by members") requires submission of the plan of conversion to members under procedures in the articles of incorporation or bylaws or both. The required vote to approve is a majority of the total outstanding votes of members.

Section SB 21.25 (titled "Pricing and sale of securities") establishes procedures and standards for setting the price of the stock and offering it for sale. The rule prescribes constraints and requirements in several matters, including the distribution of offering materials, presenting information regarding the stock's price, prohibited representations, limits on underwriting expenses, explanations of stock prices, the contents of stock order forms, and the time period during which sales may take place.

The final two sections of this chapter, ss. SB 21.26 and SB 21.27, set out procedures for a savings bank's conversion from mutual to stock form as part of another transaction: the formation of a savings bank holding company, converting while an existing holding company acquires the stock upon issuance or the merger with an existing stock savings bank.

9/28/93

FISCAL ESTIMATE
DOA-2048 (R10/92)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
Adm. Rule ch. SB 21
Amendment No. if Applicable

Subject
Conversion from mutual to stock savings banks.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive
 - Mandatory
- 2. Decrease Costs
 - Permissive
 - Mandatory

- 3. Increase Revenues
 - Permissive
 - Mandatory
- 4. Decrease Revenues
 - Permissive
 - Mandatory

5. Types of Local Governmental Units Affected:
- Towns
 - Counties
 - School Districts
 - Villages
 - Others _____
 - VTAE Districts
 - Cities

Fund Sources Affected
 GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

This rule will have no fiscal impact on the office of the commissioner of savings and loan. It will be administered with existing personnel and resources under the current agency operating budget.

Long-Range Fiscal Implications

None are anticipated at this time.

Agency/Prepared by: (Name & Phone No.) 242-2180
Office of Commissioner of S&L

Authorized Signature Telephone No. 242-2180

 Harold N. Lee, Jr., Commissioner

Date
3/12/93

SECTION 1. Chapter SB 21 of the Wisconsin administrative code is created to read:

CHAPTER SB 21

CONVERSION FROM MUTUAL TO STOCK INSTITUTION

- SB 21.01 Definitions
- SB 21.10 Contents of plan of conversion
- SB 21.11 Optional provisions in plan of conversion
- SB 21.12 Determination of amount of qualifying deposits
- SB 21.13 Liquidation account
- SB 21.14 Restrictions on repurchase of stock and payment of dividends
- SB 21.15 Manipulative and deceptive devices prohibited
- SB 21.16 Acquisition of the securities of converted savings banks
- SB 21.17 Priority of rules
- SB 21.21 Information prior to approval of plan of conversion
- SB 21.22 Notice of filing
- SB 21.23 Solicitation of proxies; proxy statement
- SB 21.24 Vote by members
- SB 21.25 Pricing and sale of securities
- SB 21.26 Conversion of a savings bank in connection with the formation of a holding company
- SB 21.27 Conversion of a savings bank with an acquisition by an existing holding company; conversion through merger with an existing stock savings bank

SB 21.01 DEFINITIONS. (s. 214.685(8), Stats.) In this chapter:

(1)(a) "Acting in concert" means:

1. Knowing participation in a joint activity or interdependent conscious parallel action towards a common goal whether or not pursuant to an express agreement; or

2. A combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement or other arrangement, whether written or otherwise.

(b) A person or company which acts in concert with another person or company ("other party") shall also be acting in concert with any person or company who is also acting in concert with that other party, except that an employe benefit plan will not be acting in concert with its trustee or a person who serves in a similar capacity solely for the purpose of determining whether stock held by the trustee and stock held by the plan will be aggregated. No officer or director of an applicant shall be considered acting in concert with another officer or director merely by reason of holding those positions.

(2) An "affiliate" of, or a person "affiliated" with, a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(3) "Amount", when used in regard to securities, means the principal amount if relating to evidence of indebtedness, the number of shares if relating to shares of securities and the number of units if relating to any other kind of securities.

(4) "Applicant" means a state savings bank organized in mutual form.

(5) "Associate", when indicating a relationship between persons, means:

(a) Any corporation or organization other than the applicant or a majority-owned subsidiary of the applicant of which the person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities;

(b) Any trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity, except that, for the purposes of s. SB 21.10(6), (7) or (8) or SB 21.11(4), it does not include any employe benefit plan in which a person has a substantial beneficial interest or serves as a trustee or in a similar fiduciary capacity; or

(c) Any relative by blood or marriage of the natural person, or any relative by blood or marriage of the spouse, who has the same legal residence as or shares living quarters with the person or who is a director or officer of the applicant or of any of the applicant's parent organizations or subsidiaries.

(6) "Broker-dealer" means a person in the business of effecting transactions in securities for the account of others or for the person's own account and a person who acts, directly or indirectly, as agent, broker or principal in the business of offering, buying, selling or otherwise dealing or trading in securities issued by another corporation.

(7) "Capital stock" includes permanent stock, guaranty stock, permanent reserve stock, common stock, preferred stock, convertible preferred stock and any similar certificate evidencing nonwithdrawable capital of an applicant, savings bank holding company or a subsidiary of the savings bank or savings bank holding company.

(8) "Control" means the power to direct or cause the direction of the management and policies of a person, through ownership of voting securities, by contract or otherwise.

(9) "Deposit account holder" means a person who holds a deposit account in an applicant and includes an eligible account holder and a supplemental eligible account holder.

(10) "Eligibility record date" means the record date for determining eligible account holders of an applicant which shall be at least 90 days prior to the date of the adoption of the plan of conversion by the board of directors.

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(11) "Eligible account holder" means any person holding a deposit account as of the eligibility record date subject to s. SB 21.12.

(12) "Employee" does not include a director or officer unless also employed by the applicant.

(13) An "employee benefit plan" includes any "tax-qualified employe stock benefit plan" whether a defined benefit plan or defined contribution plan such as an employe stock ownership plan, stock bonus plan, profit-sharing plan or other plan, which, with its related trust, meets the requirements to be "qualified" under section 401 of the internal revenue code, as well as any "non-tax-qualified employe stock benefit plan" established for the purpose of providing stock or stock related benefits to employes and which is not so qualified.

(14) "Equity security" means any stock or similar security; or any security convertible, with or without consideration, into the security, or carrying any warrant or right to subscribe to or purchase the security; or any warrant or right.

(15) "Market maker" means a dealer who, with respect to a particular security:

(a) 1. Regularly publishes bona fide, competitive bid and offer quotations in a recognized inter-dealer quotation system; or

2. Furnishes bona fide competitive bid and offer quotations on request; and

(b) Is ready, willing and able to effect transactions in reasonable quantities at his or her quoted prices with other brokers or dealers.

(16) "Member" means a holder of a deposit account in a mutual savings bank under s. 214.30, Stats.

(17) Except as provided in s. SB 21.16(1)(b), "offer" includes every attempt to offer to dispose of, or to solicit an offer to buy, a security or interest in a security, for value and does not include preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are or are to be in privity of contract with an applicant.

(18) "Officer", for purposes of the purchase of stock in a converting applicant under this chapter, means the applicant's chairperson of the board of directors, president, vice presidents, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any other person performing similar functions with respect to the applicant.

(19) Except as provided in s. SB 21.16(1)(c), "person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a government or political subdivision thereof.

(20) "Proxy" includes every form of authorization by which a person is, or may be considered to be, designated to act for an applicant's member in the exercise of his or her voting rights in the business of an applicant. An

authorization may take the form of failure to dissent or object.

(21) "Purchase" includes every contract to purchase, buy or otherwise acquire a security or interest in a security for value.

(22) "Sale" includes every contract to sell or otherwise dispose of a security or interest in a security for value but does not include an exchange of securities in connection with a merger or acquisition.

(23) "Security" includes any note, stock, treasury stock, bond, debenture, transferable share, investment contract, voting trust certificate, or any instrument commonly known as a "security". It also includes any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the above items.

(24)(a) "Solicitation" and "solicit" mean:

1. Any request for a proxy whether or not accompanied by or included in a form of proxy;

2. Any request to execute, not execute, or revoke a proxy; or

3. The furnishing of a form of proxy or other communication to an applicant's members under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy.

(b) The terms do not apply to the furnishing of a form of proxy to an

applicant's member upon the unsolicited request of the member, the performance of acts required by s. SB 21.23(7) or to the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

(25) "Subscription offering" means the offering of shares of capital stock, through nontransferable subscription rights issued to:

(a) Eligible account holders as required by s. SB 21.10(3).

(b) Supplemental eligible account holders as required by s. SB 21.10(5).

(c) Directors, officers and employees, as permitted by s. SB 21.11(2).

(d) Eligible account holders, supplemental eligible account holders and members as permitted by s. SB 21.10(2) and (4).

(e) Any other classes of persons granted subscription rights in a plan of conversion.

(26) "Supplemental eligibility record date" means the date for determining supplemental eligible account holders of an applicant required by s. SB 21.10(5). The date shall be the last day preceding adoption of a plan of conversion by the institution's board of directors.

(27) "Supplemental eligible account holder" means any person holding a qualifying deposit account, except officers, directors and their associates, as of the supplemental eligibility record date.

(28) "Underwriter" means any person who has purchased from an applicant with a view to, or offers or sells for an applicant in connection with, the distribution of any security, or participates or has a direct or indirect participation in the direct or indirect underwriting of any of these activities; but the term shall not include a person whose interest is limited to a commission from an underwriter or broker-dealer not in excess of the usual and customary distributor's or seller's commission. "Principal underwriter" means an underwriter in privity of contract with the applicant or other issuer of securities as to which he or she is the underwriter.

SB 21.10 CONTENTS OF PLAN OF CONVERSION (s. 214.685(8)(c) and (i), Stats.)

A plan of conversion shall contain all of the following provisions:

(1) STOCK SALE. The savings bank shall issue and sell its capital stock at a price based on an independent valuation.

(2) PRIORITY TO PURCHASE STOCK. An employe benefit plan has a priority to purchase conversion stock prior to eligible account holders and supplemental eligible account holders with subscription rights.

(3) ELIGIBLE ACCOUNT HOLDERS' SUBSCRIPTION RIGHTS. (a) Each eligible account holder shall receive, without payment, nontransferable subscription rights to purchase capital stock.

(b) If there is an oversubscription to the capital stock, shares shall be

allocated among subscribing eligible account holders so as to permit each eligible account holder, to the extent possible, to purchase a number of shares sufficient to make his or her total allocation equal to 100 shares.

(c) Any shares not allocated under par. (b) shall be allocated among the subscribing eligible account holders as provided in the plan of conversion.

(4) SUBORDINATED SUBSCRIPTION RIGHTS. Nontransferable subscription rights to purchase capital stock received by officers and directors of the savings bank and their associates based on their increased deposits in the savings bank in the one year period preceding the eligibility record date shall be subordinated to all other subscriptions involving the exercise of nontransferable subscription rights to purchase shares under sub. (3).

(5) SUPPLEMENTAL ELIGIBLE ACCOUNT HOLDERS' SUBSCRIPTION RIGHTS. Each supplemental eligible account holder of the savings bank shall receive, without payment, nontransferable subscription rights to purchase capital stock as provided in the plan of conversion.

(a) Subscription rights received under this subsection shall be subordinated to all rights received by eligible account holders to purchase shares under subs. (3) and (4).

(b) Any nontransferable subscription rights to purchase shares received by an eligible account holder under sub. (3) shall be applied in partial satisfaction of the subscription rights to be distributed under this section.

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(c) If an oversubscription to capital stock occurs, shares shall be allocated among the subscribing supplemental eligible account holders so as to permit each subscribing supplemental account holder, to the extent possible, to purchase a number of shares sufficient to make his or her total allocation, including the number of shares, if any, allocated under sub. (3) equal to 100 shares.

(d) Any shares not allocated under par. (c) shall be allocated among the subscribing supplemental eligible account holders on an equitable basis, related to the amount of their qualifying deposits, as provided in the plan of conversion.

(6) SHARES NOT PURCHASED BY SUBSCRIPTION. Any shares of the savings bank not sold to persons with subscription rights shall be sold either in a public offering through an underwriter or directly by the converting institution in a direct community offering, subject to the applicant demonstrating in writing to the commissioner the feasibility of the method of sale and to any conditions as may be provided in the plan of conversion. Those conditions shall be approved by the commissioner in writing if there has been a sufficient showing of why the method of sale has been chosen.

(7) LIMIT ON SHARES BY OFFICERS AND DIRECTORS. The officers and directors of the savings bank and their associates may purchase, in the conversion, up to an aggregate total of 35% of the total offering of shares of the savings bank. In calculating the number of shares which may be purchased, any shares attributable to the officers and directors and their associates but held by one or more tax-qualified employee stock benefit plans shall not be included.

In the case of a merger conversion under s. SB 21.27 any shares owned prior to the merger conversion by officers, directors, and their associates shall not be included in calculating the aggregate amount which may be purchased by those persons.

(8) EXCEPTIONS TO LIMITS OF OFFICERS AND DIRECTORS. An officer or director or his or her associates shall not purchase, without the prior written approval of the commissioner, the capital stock of the savings bank except from a broker-dealer licensed under ch. 551, Stats., or a broker-dealer registered with the securities and exchange commission, for 3 years following the date of the conversion, except that this subsection shall not apply to purchases of stock made by and held by any one or more employe benefit plans which may be attributable to individual officers or directors.

(9) SALE PRICE OF STOCK. The sale price of the shares of capital stock sold in the conversion shall be a uniform price under s. SB 21.25, and the plan shall specify the underwriting or other marketing arrangements or both to ensure the sale of all shares not sold to persons with subscription rights.

(10) SET TIME PERIOD FOR CONVERSION. A time period must be established within which the conversion must be completed. The time period shall be not more than 24 months from the date the savings bank's members approve the plan of conversion and may not be extended.

(11) TRANSFER OF DEPOSIT ACCOUNTS. Each deposit account holder of the converting savings bank shall receive, without payment, withdrawable deposit accounts in the converted savings bank equal in withdrawable amount to the

withdrawal value of each of the deposit account holder's deposit accounts.

(12) LIQUIDATION ACCOUNTS. A liquidation account shall be established and maintained for the benefit of deposit account holders if a complete liquidation of the converted savings bank occurs. A savings bank shall include in its articles of incorporation the following section:

"LIQUIDATION ACCOUNT. The savings bank shall establish and maintain a liquidation account for the benefit of its deposit account holders as of _____ ("eligible savers"). If there is a complete liquidation, it shall comply with any laws and rules with respect to the amount and the priorities on liquidation of each of the savings bank's eligible saver's interest in the liquidation account, to the extent it is still in existence. However, an eligible saver's interest in the liquidation account shall not entitle that person to any voting rights at meetings of the stockholders."

(13) ELIGIBILITY RECORD DATE. An eligibility record date shall be stated which shall be not less than 90 days prior to the date of the board of director's adoption of the plan of conversion.

(14) VOTING RIGHTS. The holders of the capital stock of the savings bank shall have exclusive voting rights.

(15) AMENDMENTS. The plan of conversion may be amended by the board of directors prior to the solicitation of proxies from members to vote on the plan and at any later time with the approval of the commissioner. The conversion may be terminated by the board of directors at any time prior to

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the meeting of members called to consider the plan and at any later time with the commissioner's approval.

(16) RESTRICTIONS ON CERTAIN STOCK SALES. All shares of capital stock purchased by directors, officers or an associate of either on original issue in the conversion either directly from the savings bank by subscription or otherwise or from an underwriter shall be subject to the restriction that the shares shall not be sold for a period of not less than one year following the date of purchase, except upon the death of the director or officer or an associate of either.

(17) RESTRICTIONS STATED ON STOCK CERTIFICATE. In connection with shares of capital stock subject to restriction on sale for a period of time:

(a) Each certificate of stock shall bear a legend stating the restriction.

(b) Instructions shall be issued to the transfer agent for the savings bank's capital stock with respect to applicable restrictions on transfer of any restricted stock.

(c) Any shares issued as a stock dividend, stock split or otherwise relating to any restricted stock shall be subject to the same restrictions as apply to the restricted stock.

(18) REASONABLE EXPENSES. The expenses incurred in the conversion shall be reasonable. Approximate amounts, by categories, shall be stated.

(19) FAIRNESS OF PLAN. No provision may be included which the commissioner shall determine to be inequitable or detrimental to the applicant, its deposit account holders or any other institution or to be contrary to the public interest.

(20) NO LOANS TO PURCHASE STOCK. The converting savings bank shall not lend funds or otherwise extend credit to any person to purchase the capital stock of the savings bank.

(21) DISCRETIONARY DISTRIBUTIONS. The savings bank may make scheduled, discretionary contributions to a tax-qualified employe benefit plan if the contributions do not cause the savings bank to fail to meet its regulatory capital requirement under s. 214.43, Stats.

(22) ACTION ON CONVERSION. The converting savings bank shall:

(a) Following the conversion, promptly register the securities issued under the securities exchange act of 1934 and not undertake to deregister these securities for 3 years thereafter.

(b) Use its best efforts to encourage and assist a market maker to establish and maintain a market for the securities.

(c) Use its best efforts to list shares issued in connection with the conversion on a national or regional securities exchange or on the NASDAQ quotation system.

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communication provided requesting receipt of an offering circular.

(6) UNSOLD SHARES. Any relatively insignificant residue of shares of the savings bank not sold in the subscription offering, the public offering or the direct community offering may be sold in another manner as provided in the plan.

(7) MINIMUM SHARES PURCHASED. Any person exercising subscription rights to purchase capital stock shall be required to purchase a minimum number of shares as established in the plan of conversion.

(8) UNITS OF SECURITIES; WARRANTS. The savings bank may issue and sell, in lieu of shares of its capital stock, units of securities consisting of capital stock and long-term warrants or other equity securities, subject to approval by the commissioner.

(9) PUBLIC AND DIRECT COMMUNITY OFFERING. Instead of a separate subscription offering, all subscription rights issued in connection with the conversion shall be exercisable by delivery of properly completed and executed order forms to the underwriters or selling group for the public offering or pursuant to any other procedure, subject to the applicant demonstrating to the commissioner the feasibility of the method of exercising the rights and the conditions as provided in the plan of conversion. Conditions shall include a requirement that orders for stock in the public offering or direct community offering shall first be filled, in the order of priority set forth in subs. (2) to (4) and (6) by orders of persons exercising subscription rights.

(10) OTHER PROVISIONS. The commissioner may approve other equitable provisions including the receipt without payment by other classes of members or customers or both of nontransferable subscription rights, subordinate to the rights of eligible account holders and supplemental eligible account holders, for the purchase of stock or other provisions as may be necessary to avert imminent injury to the savings bank.

SB 21.12 DETERMINATION OF AMOUNT OF QUALIFYING DEPOSITS. Unless otherwise provided in the plan of conversion, the amount of the qualifying deposit of an eligible account holder or a supplemental eligible account holder shall be the total of the deposit balances in the person's deposit accounts in the savings bank as of the close of business on the eligibility record date or the supplemental eligibility record date respectively. However, the plan of conversion may provide that any savings accounts with total deposit balances of less than \$500 or any lesser amount shall not constitute a qualifying deposit. In this section, "deposit account" includes a predecessor or successor account of a given deposit account which is held only in the same right and capacity and on the same terms and conditions as the given deposit account. However, the plan of conversion may provide for lesser requirements for consideration as a predecessor or successor account.

SB 21.13 LIQUIDATION ACCOUNT. (s. 214.685(8)(h), Stats.) (1) REQUIREMENT. At the time of conversion, each savings bank shall establish a liquidation account in an amount equal to the amount of net worth of the savings bank prior to conversion. The savings bank shall use the net worth figure established no later than that set forth in its latest statement of financial condition contained in the final offering circular. The function of the

liquidation account is to establish a priority on liquidation and, except as provided in s. SB 21.14(2), the existence of the liquidation account shall not restrict the use or application of any of the accounts of the savings bank.

(2) PURPOSE. The liquidation account shall be maintained for the benefit of eligible account holders and supplemental eligible account holders who maintain their deposit accounts. Each eligible account holder and supplemental eligible account holder shall, with respect to each deposit account held, have a related inchoate interest in a portion of the liquidation account balance ("subaccount").

(3) DISTRIBUTION. In the event of a complete liquidation of the converted savings bank, each eligible account holder and supplemental eligible account holder shall be entitled to receive a liquidation distribution from the liquidation account for deposit accounts held, in the amount of the date of complete liquidation subaccount balances adjusted under subs. (4) and (5) before any liquidation distribution may be made with respect to capital at the time of the conversion in exchange for the surrender of any mutual capital certificates issued in accordance with 12 CFR s. 563.74 by the institution prior to conversion. A merger, consolidation, sale of bulk assets, or similar combination or transaction with another SAIF-insured institution is not considered a complete liquidation, and in this kind of transaction, the liquidation account shall be assumed by the surviving institution. Preferred stock issued in exchange for mutual capital certificates may receive distributions in a liquidation prior to distribution from the liquidation account to the holders of the mutual capital certificates that would have been entitled to priority over the residual rights of deposit account holders had

the savings bank not been converted as of the date of liquidation.

(4) CALCULATING INDIVIDUAL DISTRIBUTIONS. The initial subaccount balance for a deposit account held by an eligible account holder or supplemental eligible account holder shall be determined by multiplying the opening balance in the liquidation account by a fraction of which the numerator is the amount of qualifying deposits in the savings account on the eligibility record date or the supplemental eligibility record date and the denominator is the total amount of qualifying deposits of all eligible account holders and supplemental eligible account holders in the converting institution on those dates. For deposit accounts in existence on both dates, separate subaccounts shall be determined on the basis of the qualifying deposits in the accounts on the appropriate record date. The initial subaccount balances shall not be increased, and they shall be subject to downward adjustment under sub. (5).

(5) ACCOUNT AND SUBACCOUNT BALANCES. (a) Subparagraph (b) applies if the balance in any deposit account of an eligible account holder or supplemental eligible account holder at the close of business on any fiscal year's last day subsequent to the respective record dates is less than the lesser of:

1. The balance in the deposit account at the close of business on any other fiscal year's last day subsequent to the eligibility record date or supplemental eligibility record date; or

2. The amount of qualifying deposit as of the eligibility record date or the supplemental eligibility record date.

(b) The subaccount balance for the deposit account shall be adjusted by reducing the subaccount balance in an amount proportionate to the reduction in the deposit balance. If a downward adjustment is made, the subaccount balance shall not be subsequently increased, notwithstanding any increase in the deposit balance of the related deposit account. The savings bank is not required to recompute the liquidation account and subaccount balances provided the savings bank maintains records sufficient to make necessary computations in the event of a complete liquidation or any other events requiring a computation of the balance of the liquidation account. The liquidation subaccount of an eligible account holder or supplemental eligible account holder shall be maintained for as long as the eligible account holder or supplemental eligible account holder maintains an account with the same social security number.

SB 21.14 RESTRICTIONS ON REPURCHASE OF STOCK AND PAYMENT OF DIVIDENDS.

Each savings bank that converts under this chapter shall be subject to the following conditions:

(1) STOCK REPURCHASE RESTRICTIONS. No savings bank for 3 years from the date of the completion of the conversion, may repurchase any of its capital stock from any person, except that this restriction shall not apply to:

(a) A repurchase, on a proportionate basis, pursuant to an offer approved by the commissioner and made to all shareholders of the savings bank;

(b) The repurchase of shares of a director; or

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(c) A purchase in the open market by an employe benefit plan in an amount reasonable and appropriate to fund the plan.

(2) DIVIDEND PAYMENT RESTRICTIONS. No savings bank shall declare or pay a dividend on, or repurchase any of its capital stock, if the effect would cause the regulatory capital of the savings bank under s. 214.43, Stats. to be reduced below the amount required for its liquidation account.

(3) PREAPPROVAL OF CERTAIN REPURCHASES OF STOCK. A savings bank subject to sub. (1) may repurchase its capital stock if the repurchases do not reduce the savings bank's ratio of regulatory capital to assets below 6% under s. 214.43, Stats., and any of the following apply:

(a) The repurchases are part of an open-market stock repurchase program or other stock repurchase program approved by the commissioner that does not involve greater than 5% of the savings bank's outstanding capital stock during a 6 month period.

(b) The savings bank provides to the commissioner, no later than 10 days prior to the commencement of a repurchase program, written notice containing a full description of the repurchase program to be undertaken and the effect of these repurchases on its regulatory capital position, and the commissioner does not disapprove the repurchase program based upon a determination that:

1. The repurchase program would adversely affect the financial condition of the savings bank; or

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2. The information submitted by the savings bank is insufficient upon which to base a conclusion as to whether its financial condition would be adversely affected.

(c) An open market or other stock repurchase program containing terms and conditions other than those in this subsection if approved by the commissioner in writing.

SB 21.15 MANIPULATIVE AND DECEPTIVE DEVICES PROHIBITED. In the offer, sale or purchase of securities issued incident to its conversion, no savings bank, or any director, officer, attorney, agent or employe of the savings bank may:

(1) DEFRAUD. Employ any device, scheme, or artifice to defraud;

(2) MISSTATE FACTS. Obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(3) FRAUDULENT PRACTICES. Engage in any act, transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser or seller.

SB 21.16 ACQUISITION OF THE SECURITIES OF CONVERTED SAVINGS BANKS. (1) DEFINITIONS. In this section:

(a) "Acquire" includes every type of acquisition, whether effected by

purchase, exchange, operation of law or otherwise.

(b) "Offer" does not include:

1. Inquiries directed solely to the officers of a savings bank, and not intended to be communicated to stockholders, designed to elicit an indication of officers' receptivity to the basic structure of a potential acquisition with respect to the amount of securities, manner of acquisition and formula for determining price; or

2. Nonbinding expressions of understanding or letters of intent with the management of a savings bank regarding the basic structure of a potential acquisition with respect to the amount of securities, manner of acquisition and formula for determining price.

(c) "Person" includes an individual, a group acting in concert, a corporation, a partnership, a savings bank, a joint stock company, a trust, an unincorporated organization, a syndicate or any other group formed for the purpose of acquiring, holding or disposing of securities of a savings bank.

(d) "Security" includes nontransferable subscription rights issued under a plan of conversion and a "security" as defined in 15 U.S.C. 78c (a)(10).

(2) PROHIBITED TRANSFERS. Except as provided in sub. (5), prior to the completion of a conversion, no person may transfer or receive, or enter into any agreement to transfer or receive, the legal or beneficial ownership of conversion subscription rights, or the underlying securities to or from

another. Violations of this subsection by:

(a) An eligible account holder or supplemental eligible account holder shall void the person's subscription rights transferred in violation of sub. (1) (intro.) and forfeit up to \$10,000 of any consideration received for them shall be surrendered to the commissioner for the school fund.

(b) Any person who acquires securities in violation of sub. (1) (intro.) shall surrender the securities but not to exceed \$10,000 of value, valued as of their date of issuance, to the commissioner for the school fund.

(3) PROHIBITION OF OFFERS AND CERTAIN ACQUISITIONS. Except as provided in sub. (5), prior to the completion of a conversion, no person may do any of the following in excess of the maximum purchase limitations established in the plan of conversion: offer or announce an offer for any security of the savings bank issued in connection with the conversion or knowingly acquire securities of the savings bank issued in connection with the conversion.

(4) PROHIBITION ON OFFERS AND ACQUISITIONS OF STOCK FOR 5 YEARS FOLLOWING CONVERSION. Except as provided in sub. (5): (a) For 5 years following the date of the completion of the conversion, no person may, directly or indirectly, offer to acquire or acquire the beneficial ownership of more than 10% of any class of an equity security of a savings bank converted under this chapter without requesting in writing and, receiving the prior written approval of the commissioner if the requester has made a sufficient written justification to the commissioner demonstrating the need for the commissioner's approval. When any person, directly or indirectly, acquires beneficial ownership of more than

10% of any class of any equity security of a savings bank converted under this chapter without the prior written approval of the commissioner, the securities beneficially owned by the person in excess of 10% shall not be counted as shares entitled to vote and shall not be voted by any person or counted as voting shares in any matter submitted to the stockholders for a vote.

(b) A conversion shall be deemed complete on the date all of the conversion stock was sold.

(c) An acquisition of shares shall be presumed to have been made if the acquiror entered into a binding written agreement for the transfer of shares. An offer shall be deemed made when communicated.

(5) EXCEPTIONS. (a) Subsections (2) and (3) shall not apply to a transfer, agreement, understanding to transfer, offer, or announcement of an offer or intent to make an offer which:

1. Pertains only to securities to be purchased under s. SB 21.10(5) or SB 21.11(6) or (7); and

2. Has the prior written approval of the commissioner after the requester has made a sufficient written justification to the commissioner demonstrating the basis for the commissioner's approval.

(b) Subsections (3) and (4) shall not apply to any offer to facilitate a public resale made exclusively to the savings bank or to people who are selling the stock on the savings bank's behalf, such as an underwriter.

(c) Unless made applicable by the commissioner by prior notice in writing, sub. (4) does not apply to any offer or announcement of an offer which, if consummated, would result in the acquisition by a person, together with all other acquisitions by the person of the same class of securities during the preceding 12-month period, of not more than 1% of the same class of securities.

(d) Subsection (4) does not apply to any offer to acquire or acquisition of beneficial ownership of more than 10% of the common stock of an institution by a corporation whose ownership is or will be substantially the same as the ownership of the savings bank if the offer or acquisition is made more than one year following the date of completion of the conversion.

(e) Subsections (2) and (4) do not apply to the acquisition of securities of the savings bank or its holding company by any one or more employee benefit plans of the savings bank or its holding company, provided that, the plan or plans do not have beneficial ownership in the aggregate of more than 25% of any class of equity security of the savings bank or its holding company.

(6) CRITERIA FOR APPROVAL. The commissioner may deny an application involving an offer or acquisition of any security or proxies to vote securities of a savings bank submitted under sub. (4)(a) if he or she finds that the proposed acquisition:

(a) Would frustrate the purposes of this chapter;

(b) Would be manipulative or deceptive;

- (c) Would subvert the fairness of the conversion;
- (d) Would be likely to result in injury to the savings bank;
- (e) Would not be consistent with economical home financing;
- (f) Would otherwise violate a law or rule; or
- (g) Would not contribute to the prudent deployment of the savings bank's conversion proceeds.

SB 21.17 PRIORITY OF RULES. This chapter supersedes all inconsistent articles of incorporation and bylaws of a mutual savings bank converting to the stock form.

SB 21.21 INFORMATION PRIOR TO APPROVAL OF PLAN OF CONVERSION. (1) CONFIDENTIALITY OF INITIAL DELIBERATION. A savings bank considering converting under this chapter and its directors, officers and employees shall keep the consideration in strict confidence and shall only discuss the potential conversion if necessary to prepare information for filing an application for conversion. If this confidence is breached, the commissioner may require remedial measures including:

- (a) A public statement by the savings bank that its board of directors is currently considering converting.

(b) Providing for an eligibility record date which shall be prior to the adoption of the plan as to assure the equitability of the conversion.

(c) Limitation of the subscription rights of any person violating or aiding the violation of this subsection.

(d) Any other actions the commissioner may deem appropriate and necessary to assure the fairness and equitability of the conversion.

(2) PUBLIC STATEMENT. If it should become essential as a result of rumors prior to the adoption of a plan of conversion by the savings bank's board of directors, a public statement under sub. (1)(a) may be made by the savings bank.

(3) ACTIONS AFTER BOARD APPROVES CONVERSION. Promptly after the adoption of a plan of conversion by not less than two-thirds of its board of directors:

(a) The savings bank shall do all of the following:

1. Notify its members of the action by publishing a statement required by s. SB 21.22(1) as a class 1 notice under ch. 985, Stats., in a newspaper having general circulation in each community in which the home office or a branch office of the savings bank is located or by mailing a letter to each member or both. Copies of the published statement with the publisher's affidavit of publication and any letter and any press release under subd. 2 shall be filed with the commissioner as part of the application for conversion.

2. Have copies of the plan of conversion available for inspection by its members at each office.

(b) The savings bank may issue a published statement, letter or press release with respect to the action. Copies of any published statement, letter or press release are not required to be approved by the commissioner prior to their use, but may be submitted to the commissioner for comments.

SB 21.22 NOTICE OF FILING. (1) FORM OF REQUIRED PUBLICATION. Upon the commissioner's determination that an application for conversion is properly executed and is materially complete, he or she shall advise the applicant, in writing, to publish a notice of the filing of the application. Within 15 days after receipt of the notice, the applicant shall prominently post the notice in each of its offices and publish the notice as a class 1 notice under ch. 985, Stats., in a newspaper having general circulation in each community in which the home office or a branch office of the applicant is located, as follows:

NOTICE OF FILING OF AN APPLICATION
FOR CONVERSION TO A STOCK SAVINGS BANK

NOTICE IS HEREBY GIVEN That under s. 214.685, Stats. and ch. SB 21, Wis. Adm. Code,

(name of applicant)

has filed an application with the Office of the Commissioner of Savings and Loan for approval to convert from a mutual savings bank to a stock savings bank.

The original copy of the application is on file with the commissioner and is available for public inspection or copying at 4785 Hayes Road, Suite 202, Madison, Wisconsin 53704-7365. Written comments, including objections to the plan of conversion, and materials supporting the objections from any member of the applicant or any other person with objections to all or a part of the plan of conversion will be considered by the commissioner if received by him or her or postmarked within 10 business days after the publication of this notice. Failure to timely file written comments may preclude the pursuit of any remedies.

(2) VERIFYING PUBLICATION. After publication of the notice, the applicant shall file with the commissioner a copy of the published notice and a publisher's affidavit of publication from each newspaper in which the notice was published.

SB 21.23 SOLICITATION OF PROXIES; PROXY STATEMENT. (1) SOLICITATIONS TO WHICH THIS RULE APPLIES. This section applies to every solicitation of a proxy from a member of a savings bank for the meeting at which a conversion plan will be voted upon, except the following:

(a) Any solicitation made other than on behalf of the officers where the total number of persons solicited is not more than 50.

(b) Any solicitation in a newspaper advertisement which informs the savings bank's members, following approval of the plan of conversion by the commissioner, where they may obtain copies of a proxy statement, form of proxy, or any other soliciting material and does no more than:

1. Name the savings bank;
2. State the reason for the advertisement;
3. Identify the proposal or proposals to be acted upon by members; and
4. Urge the member to vote at the meeting.

(2) INFORMATION TO BE FURNISHED MEMBERS. No proxy solicitation under this section shall be made unless each person solicited is concurrently furnished, or has previously been furnished, by mail, a written proxy statement.

(3) REQUIREMENTS AS TO PROXY. The form of proxy shall:

- (a) State whether the proxy is solicited on behalf of the officers.
- (b) Provide designated blank spaces for dating and signing the proxy.
- (c) Identify clearly and impartially each matter or group of related matters intended to be voted upon.
- (d) Be clearly labeled "Revocable Proxy".
- (e) Describe any article of incorporation or state law or rule requirement

restricting or conditioning voting by proxy.

(f) Contain an acknowledgment by the person solicited that he or she has received a proxy statement prior to signing the form.

(g) Contain the date, time and place of meeting.

(h) Provide by a box or otherwise, a means whereby the person solicited may specify a choice between approval or disapproval of each matter intended to be acted upon.

(i) Indicate how the proxy shall be voted on each matter to which no choice is specified.

(4) LIMITED PROXY. No proxy subject to this section may confer authority to vote at any meeting other than the meeting or any adjournment thereof to vote on conversion. A proxy confers authority to vote with respect to all matters incident to the conduct of the meeting. If the plan of conversion is considered at an annual meeting, existing proxies may be voted on matters not related to the plan of conversion.

(5) REQUIRED DISCLOSURES. The proxy statement or form of proxy shall provide that the votes represented by the proxy will be voted; that, where the person solicited specifies a choice with respect to any matter to be acted upon, the votes will be cast in accordance with the specifications; and that if no choice is so specified, the votes will be cast as indicated on the form of proxy.

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(6) PRIOR PROXIES MAY BE USED. Notwithstanding any other provision of this section, a proxy may be used which had been previously obtained from a member and conferring general authority to vote on any and all matters at any meeting of the members if the proxy is still valid and the member does not grant a later dated proxy to vote at the meeting called to consider the plan of conversion or attend the meeting and vote in person.

(7) MAILING COMMUNICATIONS FOR MEMBERS. If the board of directors of the applicant has adopted a plan of conversion, the applicant shall perform any of the following acts which may be requested in writing with respect to a matter to be considered at the meeting to vote on the plan of conversion by any member who prepays the reasonable expenses to be incurred by the applicant:

(a) The applicant shall furnish to the requester the following information as promptly as practicable after the receipt of a request:

1. A statement of the approximate number of members who have been or are to be solicited on behalf of the board of directors.

2. An estimate of the cost of mailing a specified proxy statement, form of proxy or other communication to the members.

(b) The applicant shall mail copies of any proxy statement, form of proxy or other communication furnished by the requester and as approved by the commissioner to the savings bank member as the requester shall designate.

(c) Any material which is furnished by the requester shall be mailed with reasonable promptness by the applicant after receipt of the material to be mailed and the payment of costs.

(d) Neither the officers nor the applicant shall be responsible for the requester's proxy statement, form or proxy or other communication.

(8) FALSE OR MISLEADING STATEMENTS. (a) No solicitation by the applicant or any other person of a proxy for the meeting to vote on conversion shall contain any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary to make the statements not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the meeting which has become false or misleading.

(b) The fact that material has been filed with, examined by or authorized for use by the commissioner shall not be deemed a finding that the material is accurate or complete or not false or misleading or that the commissioner has passed upon the merits of or approved any proposal. No representation to the contrary shall be made by any person.

(9) CORRECTION OF MISSTATEMENTS. If a proxy solicitation violates this section, the commissioner may require remedial measures including:

(a) Correction of the violation by means of a retraction and new solicitation.

(b) Rescheduling the meeting for a vote on the conversion.

(c) Any other actions deemed appropriate by the commissioner in the circumstances in order to assure a fair vote.

(10) PROHIBITION OF CERTAIN SOLICITATIONS. No person soliciting a proxy from a member for the meeting to vote on conversion shall solicit any of the following:

(a) An undated or post-dated proxy.

(b) A proxy which is not revocable at will by the member.

(c) A proxy which is part of any other document or instrument such as an account card.

SB 21.24 VOTE BY MEMBERS. (1) PROCEDURE. The plan of conversion shall be submitted to a meeting of members under s. 214.685(2), Stats., and the provisions of the savings bank's articles of incorporation or bylaws or both.

(2) REQUIRED VOTE. The plan shall be approved by a vote of at least a majority of the total outstanding votes of members.

SB 21.25 PRICING AND SALE OF SECURITIES. (1) GENERAL. (a) No offer to sell securities of an applicant under a plan of conversion may be made prior to approval by the commissioner of the application for conversion and

registration of the securities by the office of the commissioner of securities under s. 551.25 or 551.26, Stats..

(b) No offering circular may be provided to any person in connection with an offer or sale of a security under a plan of conversion approved by the commissioner and the savings bank's members unless the offering circular meets the requirements of this section and is the subject of an effective registration statement under ch. 551, Stats.

(c) No sale of securities may be made except by means of a final offering circular which has been approved by the commissioner.

(d) This subsection shall not apply to preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are to be in privity of contract with the applicant.

(2) DISTRIBUTION OF OFFERING MATERIALS. Any preliminary offering circular which has been filed with the commissioner may be distributed in connection with the offering at the same time as or after the proxy statement is mailed to members under s. SB 21.23. No final offering circular shall be distributed until it has been approved by the commissioner and is the subject of an effective registration statement under ch. 551, Stats. The declaration of effectiveness of the final offering circular shall not extend beyond the maximum time period specified for the completion of the sale of all the capital stock under sub. (9) or beyond the time as the commissioner shall establish upon a subsequent declaration of effectiveness in the event of the granting of an extension of time under sub. (11).

(3) ESTIMATED PRICE INFORMATION. If the offering is to commence prior to the meeting of members held to vote on the plan of conversion, the proxy statement shall set forth the estimated price or price range. Any preliminary offering circular shall set forth the estimated price or price range. The maximum of the price range may be no more than 20% above the average of the minimum and maximum of the price range and the minimum may be no more than 20% below the average. The maximum price in the price range may not exceed \$50 per share and the minimum may be no less than \$5 per share.

(4) PROHIBITED REPRESENTATIONS. The commissioner shall review the price information in determining whether to give approval to an application for conversion when the offering is to commence prior to the meeting of members, and shall review the information in determining whether to declare a final offering circular effective. No representations may be made in any manner that the price information has been approved by the commissioner or that the shares of capital stock sold under the plan of conversion have been approved or disapproved by the commissioner or that the commissioner has passed upon the accuracy or adequacy of any offering circular covering the shares.

(5) UNDERWRITING EXPENSES. Underwriting commissions shall not exceed an amount or percentage per share accepted as reasonable by the commissioner and as permitted by the commissioner of securities under s. SEC 3.01. No underwriting commission shall be allowed or paid with respect to shares of capital stock sold in the subscription offering unless the plan of conversion contains the optional provision permitted by s. SB 21.11(10). However, an underwriter may be reimbursed for expenses actually and reasonably incurred in

connection with the subscription offering where the public offering is limited in that reasonable underwriting commissions on it would not be sufficient to cover total demonstratable expenses and, when no public offering occurs, an underwriter may be paid a consulting fee reasonable under the circumstances as the commissioner shall accept. In this section, "underwriting commissions" includes underwriting discounts.

(6) PRICING MATERIALS. (a) In considering the pricing information submitted, the commissioner shall apply the following guidelines:

1. The materials shall be prepared by persons independent of the applicant, experienced and expert in the area of corporate appraisal.

2. The materials shall contain a brief summary of data that is sufficient to support its conclusions.

3. To the extent that the appraisal is based on a capitalization of the income of the savings bank, the materials must indicate the basis for determination of the income to be derived from the proceeds of the sale of stock and demonstrate the appropriateness of the earnings-multiple used, including assumptions made as to future earnings growth. To the extent that the appraisal is based on comparison of the capital stock of the savings bank with outstanding capital stock of existing stock savings banks or savings and loan associations, the existing stock must be reasonably comparable to the savings bank in terms of such factors as size, market area, competitive conditions, profit history and expected future earnings.

(b) The applicant shall submit information demonstrating to the satisfaction of the commissioner the independence and expertise of any person preparing the pricing materials. However, a person will not be considered as lacking independence for the reason that the person will participate in effecting a sale of capital stock under the plan of conversion or will receive a fee from the applicant for services rendered in connection with the appraisal.

(c) The applicant shall file with the commissioner any additional information with respect to the pricing of the capital stock as the commissioner may request, including a full appraisal.

(7) ORDER FORMS FOR PURCHASE OF CAPITAL STOCK. (a) Promptly after the commissioner has declared effective the offering circular for the subscription offering, the applicant shall distribute order forms for the purchase of shares of capital stock in the offering to all eligible account holders, supplemental eligible account holders, members and other persons who may subscribe for shares of capital stock under the plan of conversion. If the savings bank shall have adopted in its plan of conversion the optional provisions in s. SB 21.11(5) or (9), the savings bank shall deliver order forms to the eligible account holders, supplemental eligible account holders, and other members who requested receipt of the offering circular.

(b) Each order form shall be accompanied or preceded by the final offering circular for the subscription offering or the public offering and a set of detailed instructions explaining how to complete the order form.

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applicant's consent after its receipt. If payment is to be made by withdrawal from a savings account or certificate of deposit, the applicant may, but need not, cause the withdrawal to be made upon receipt of the order form. If the withdrawal is made at any time prior to the closing date of the public offering, the applicant shall pay interest to the account holder on the amount withdrawn as if the amount had remained in the account from which it was withdrawn until the closing date.

(8) WITHDRAWAL FROM CERTIFICATE ACCOUNTS. Notwithstanding any regulatory provision regarding penalties for early withdrawal from certificate accounts, the applicant may allow payment for capital stock under the exercise of subscription rights by withdrawal from a certificate of deposit account without the assessment of penalties. In the case of early withdrawal of only a portion of a certificate of deposit account, the certificate evidencing the account shall be cancelled if the applicable minimum balance requirement ceases to be met and the remaining balance shall earn interest at the passbook rate.

(9) PERIOD FOR COMPLETION OF SALE. The sale of all shares of capital stock of the savings bank under the plan of conversion, including any sale in a public offering or direct community offering, shall be completed as promptly as possible and within 45 calendar days after the last day of the subscription period, unless extended by the commissioner in writing for good cause shown.

(10) INTEREST ON SUBSCRIPTIONS AND DIRECT COMMUNITY OFFERING PURCHASE ORDERS. The savings bank shall pay interest at not less than the passbook rate on all amounts paid in cash, check or money order to the institution to

purchase shares of capital stock in the subscription offering, direct community offering or public offering from the date payment is received until the conversion is completed or terminated.

(11) EXTENSIONS OF TIME; POST-EFFECTIVE AMENDMENTS TO SUBSCRIPTION OFFERING CIRCULAR; AND PUBLIC OFFERING. (a) The commissioner may grant one or more extensions of the time required to complete the sale of all shares of capital stock under sub. (9) if no single extension of time exceeds 90 days.

(b) Within 10 days of the granting of an extension of time, the applicant shall distribute to each subscriber in the offering and, if applicable, each person who has ordered capital stock in the direct community offering, a post-effective amendment to the offering circular filed under an amendment to the application for conversion and declared effective by the commissioner which shall notify each subscriber and each ordering person of the extension of time, and of the right of each subscriber and each ordering person to increase, decrease or rescind his or her subscription:

1. At any time prior to 20 days before the end of the extension period; or

2. At any time prior to the date of the commencement of the public offering or the direct community offering. If the public offering or the direct community offering is not completed within 20 days after its commencement, all instructions from subscribers and ordering persons to increase, decrease or rescind their subscriptions or orders received during the 20 day offering period shall be honored by the applicant.

(c) In this section, the public offering shall be regarded as commencing upon the filing with the commissioner of the preliminary offering circular for the public offering, and the direct community offering shall be regarded as commencing upon the declaration of effectiveness by the commissioner of the final offering circular.

(d) After the expiration of subscription rights, the applicant shall file with and have declared effective by the commissioner a post-effective amendment to the offering circular delivered to subscribers upon the occurrence of any event, circumstance or change of circumstance which would be material to the investment decision of a subscriber or, if applicable, a person who has ordered capital stock in the public or direct community offering.

(e) Any post-effective amendment to an offering circular distributed to subscribers in the offering shall be distributed by the applicant immediately after the declaration of effectiveness to each subscriber, and, if applicable, each person who has ordered stock in the public or direct community offering, and the applicant shall grant to each subscriber and ordering person the right to increase, decrease or rescind his or her subscription or order for a period which shall be no less than the greater of 10 days from the date of the mailing of the post-effective amendment or the period remaining in an extension of time granted in writing by the commissioner.

SB 21.26 CONVERSION OF A SAVINGS BANK IN CONNECTION WITH THE FORMATION OF A HOLDING COMPANY. (s. 214.095, Stats.) A mutual savings bank may convert to a stock savings bank under this chapter as part of a transaction in which a

stock savings bank holding company is organized to acquire upon issuance all the capital stock of the stock savings bank. In this type of transaction, eligible account holders, supplemental eligible account holders, and members of the converting mutual savings bank shall receive, without payment, nontransferable rights under s. SB 21.10(3), (5) and (6), to purchase capital stock of the newly formed savings bank holding company in lieu of capital stock of the converted savings bank. Unless clearly inapplicable, all of the requirements of this chapter shall apply to a conversion under this section.

SB 21.27 CONVERSION OF A SAVINGS BANK WITH AN ACQUISITION BY AN EXISTING HOLDING COMPANY; CONVERSION THROUGH MERGER WITH AN EXISTING STOCK SAVINGS

BANK. (1) CONVERSION INVOLVING AN EXISTING HOLDING COMPANY. A mutual savings bank may convert to a stock savings bank under this chapter as part of a transaction in which an existing savings bank holding company acquires upon issuance all the capital stock of the stock savings bank. In this type of transaction, the eligible account holders, supplemental eligible account holders, and members of the converting savings bank shall receive, without payment, nontransferable rights under s. SB 21.10 (3), (5) and (6) from the savings bank holding company to purchase its capital stock in lieu of capital stock of the savings bank. Unless clearly inapplicable, all of the requirements of this chapter or ch. SB 22 shall apply to a conversion under this subsection.

(2) MERGER INVOLVING THE ISSUANCE OF HOLDING COMPANY CAPITAL STOCK. A savings bank may convert to the stock form under this chapter by merging into an existing stock savings bank which is a wholly-owned subsidiary of a holding company. In this type of transaction, the eligible account holders,

supplemental eligible account holders and members of the converting savings bank shall receive, without payment, nontransferable rights under s. SB 21.10 (3), (5) and (6) from the savings bank holding company to purchase its capital stock in lieu of capital stock of the savings bank. Unless clearly inapplicable, all of the requirements of this chapter, ch. SB 22 or ss. 214.62 to 214.64, Stats., shall apply to a conversion under this subsection.

(3) MERGER WITH AN EXISTING STOCK SAVINGS BANK. A savings bank may convert to stock form by merging with an existing stock savings bank as part of a transaction in which the equity securities of the existing stock savings bank are issued. In a transaction in which the existing stock savings bank is the surviving savings bank, the eligible account holders, supplemental eligible account holders, and members of the savings bank shall receive, without payment, nontransferable rights under s. SB 21.10 (3), (5) and (6) from the existing stock savings bank to purchase its capital stock in lieu of capital stock of the converting savings bank. Unless clearly inapplicable, all of the requirements of this chapter, ch. SB 22 or ss. 214.62 to 214.64, Stats., shall apply to a conversion under this subsection.

SECTION 2. Effective date. Pursuant to s. 227.22(2)(intro.), Stats., this rule is effective on the first day of the month following its publication in the Wisconsin administrative register.

