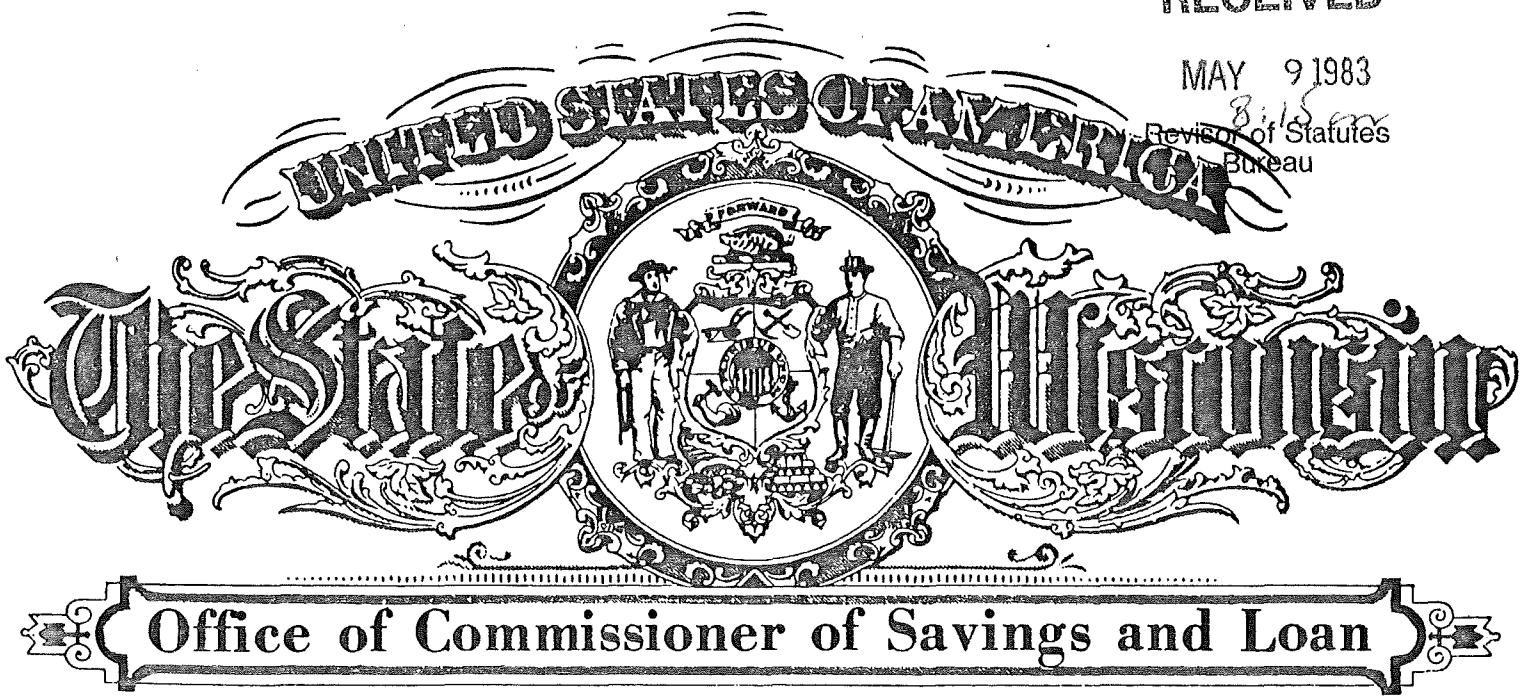


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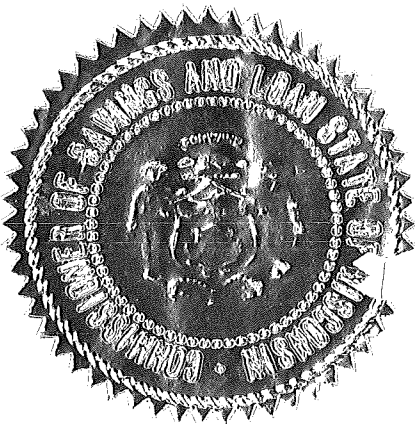
STATE OF WISCONSIN)
)
 OFFICE OF COMMISSIONER OF SAVINGS AND LOAN) SS

ORDER NO. 125

I, R. J. McMahon, Commissioner of Savings and Loan and custodian of the official records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 124 relating to granting state chartered savings and loan associations parity with federally chartered savings and loan associations with respect to conversion to stock associations was duly approved and adopted by this office on May 5, 1983.

I further certify that the 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 4th day of May, 1983.



R. J. McMahon

 R. J. McMahon, Commissioner

61-83

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

ORDER NO. 125

WHEREAS, the rules embodied by this order were submitted to the Legislative Council staff as required under section 227.029 of the Wisconsin Statutes; and

WHEREAS, in accordance with section 227.021 of the Wisconsin Statutes official notice of a hearing on the rules embodied by this order was published in the Wisconsin Administrative Register of February 28, 1983; and

WHEREAS, pursuant to that notice a public hearing was held on March 17, 1983, at which a draft of the attached rule was the topic of discussion; and

WHEREAS, following that hearing a final draft of the rule was approved by the Commissioner of Savings and Loan and the Savings and Loan Review Board; and

WHEREAS, on March 18, 1983, the final draft of the rule was submitted to the presiding officers of the Senate and Assembly and was referred by those officers to the appropriate standing committee on March 23, 1983 and March 18, 1983, respectively, all in accordance with section 227.018 of the Wisconsin Statutes; and

WHEREAS, neither legislative standing committee has objected to any portion of the proposed rule and the time for so doing has expired;

Now, Therefore, pursuant to the authority vested in the Commissioner of Savings and Loan and the Savings and Loan Review Board by sections 215.02(7)(a), 215.02(18) and 227.014(2)(a), Stats., as amended by chapter 45, laws of 1981, the Office of Commissioner of Savings and Loan hereby adopts a rule as follows:

ORDER OF THE
COMMISSIONER OF SAVINGS AND LOAN CREATING A RULE

AN ORDER creating section S-L 30.35 of the administrative code relating to granting state chartered savings and loan associations parity with federally chartered savings and loan associations with respect to conversion to stock associations.

Analysis of the Office of the Commissioner of Savings and Loan

Under section 215.02(18) of the statutes as enacted by chapter 45, laws of 1981, effective November 1, 1981 the Commissioner of Savings and Loan with the approval of the Savings and Loan Review Board may authorize state chartered savings and loan associations to exercise any right, power or privilege federal savings and loan associations are permitted under federal law, regulation or interpretation.

This rule permits mutual savings and loan associations to convert to capital stock associations by merging directly with an existing stock association. The existing stock association or a holding company which is the owner of all the stock of the existing stock association would issue stock (rather than the converting mutual association). The total price of the stock sold will be determined by an independent appraisal of the converting mutual association which is approved in writing by the commissioner.

The rule also makes clear that under existing law a mutual association may convert to a stock association with the member savers receiving the right to subscribe to stock issued by a holding company rather than by the converting association.

All the rules of the Federal Savings and Loan Insurance Corporation applicable to the conversion of mutual associations to stock associations apply to a state chartered association exercising authority provided under this rule. Also, procedures provided under chapter 215 of the statutes, including a requirement of a membership vote on the plan of conversion, continue to apply.

Pursuant to authority vested in the commissioner of savings and loan and the savings and loan review board by sections 215.02(18) and 227.014(2)(a), Stats., the office of the commissioner of savings and loan hereby creates rules interpreting sections 215.02(18) and 215.58, Stats., as follows:

SECTION 1. S-L 30.35 is created to read:

S-L 30.35 CONVERSION TO STOCK ASSOCIATION. (1) A mutual association is authorized, under ss. 215.02(18) and 215.58, Stats., to:

(a) Convert to a stock association as part of a transaction in which a holding company is organized to acquire upon issuance all the capital stock of the converted association. In such a transaction savers of the converting association shall receive, without payment, nontransferable rights to purchase all of the capital stock of the newly formed holding company. All of the shares of capital stock of the holding company not purchased in the subscription offering shall be offered and sold in a public offering or a direct community offering. Prior to offering stock to savers or the public the association shall obtain a valuation of the association by an independent expert using commonly accepted valuation methods. The valuation shall be included in the plan submitted under s. 215.58, Stats. The total price at which the capital stock shall be sold shall be established by the independent valuation.

(b) Convert to a stock association as part of a transaction in which an existing holding company acquires upon issuance all the capital stock of the converted association. In such a transaction the savers of the converting association shall receive, without payment, nontransferable rights from the holding company to purchase its equity securities. Equity securities of the holding company issued in the transaction which are not purchased in the subscription offering shall be offered and sold in a public offering or a direct community offering. Prior to offering stock to savers or the public the association shall obtain a valuation of the association by an independent expert using commonly accepted valuation methods. The valuation shall be included in the plan submitted under s. 215.58, Stats. The total price at which the securities of the holding company shall be sold shall be established by the independent valuation.

(c) Convert to a stock association through absorption by an existing insured stock association which is a wholly owned subsidiary of a holding company. In such a transaction the savers of the converting association shall receive, without payment, nontransferable rights from the holding company to purchase its equity securities. Equity securities of the holding

company issued in the conversion transaction which are not purchased in the subscription offering shall be offered and sold in a public offering or a direct community offering. Prior to offering stock to savers or the public the association shall obtain a valuation of the association by an independent expert using commonly accepted valuation methods. The valuation shall be included in the plan submitted under s. 215.58, Stats. The total price at which the equity securities of the holding company shall be sold shall be established by the independent valuation.


(d) Convert to a stock association through absorption by an existing insured stock association as part of a transaction in which the equity securities of the existing stock association are issued. In such a transaction the savers of the converting association shall receive, without payment, nontransferable rights from the existing stock association to purchase its equity securities. Equity securities of the existing stock association issued in the conversion transaction which are not purchased in the subscription offering shall be offered and sold in a public offering or a direct community offering. Prior to offering stock to savers or the public the association shall obtain a valuation of the association by an independent expert using commonly accepted valuation methods. The valuation shall be included in the plan submitted under s. 215.58, Stats. The total price at which the equity securities of the existing insured stock association shall be sold shall be established by independent valuation.

(2) The commissioner will accept applications under this section on a test-case basis. No application may be filed under this section without the prior written approval of the commissioner.

(3) Except as otherwise explicitly provided by this section, ch. 215, Stats., applies to a conversion or absorption under this section.

Note: This rule parallels 12 C.F.R. 563b.9 and 563b.10.

SECTION 2. EFFECTIVE DATE. This order takes effect on the first day of the month following its publication in the Wisconsin administrative register, as provided by s. 227.026(1)(intro.), Stats.



R. J. McMahon, Commissioner

Dated: May 5, 1983