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Department of Economic
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Division 140—Division of Finance
Chapter 28—Stock Associations**

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Title 4—DEPARTMENT OF ECONOMIC DEVELOPMENT

Division 140—Division of Finance Chapter 28—Stock Associations

4 CSR 140-28.010 Conversion of Mutual Associations to Stock Associations

PURPOSE: This regulation allows for the conversion of mutual associations to capital stock associations.

- (1) This regulation and regulations of the appropriate federal regulatory agencies shall govern the conversion of mutual associations to capital stock associations except as the director of the Division of Finance and the appropriate federal regulatory agencies may otherwise provide in supervisory cases.
- (2) As used in this regulation unless the context clearly requires otherwise, the following terms shall have the following meanings:
- (A) Applicant means a mutual savings and loan association incorporated under the laws of the state of Missouri which is applying to the director of the Division of Finance to convert to a capital stock savings and loan association;
- (B) Capital stock association means an association which issues capital stock;
- (C) Director means the director of the Division of Finance, state of Missouri;
- (D) FDIC means the Federal Deposit Insurance Corporation or other appropriate federal regulatory agencies; and
- (E) Mutual association means an association not having capital stock.
- (3) Application to Director. An applicant shall file with the director two (2) copies of an application for approval of conversion, with supporting exhibits, in the form required by appropriate federal regulatory agencies. The applicant shall also furnish to the director such additional information as the director may request which is not included in the applicant's filing with the FDIC.
- (4) Content of Proposed Stock Articles of Incorporation and Bylaws. As part of the application, an applicant shall submit to the director proposed amendments to its articles of incorporation and amendments to its bylaws which shall be similar as to content and form as the stock charter and bylaws specified by the appropriate federal regulatory agency for federally-chartered stock savings and loan associations, except to the extent that such federal stock charter and bylaw provisions are inconsistent with Missouri law.
- (5) Content of Applicant's Plan of Conversion. The applicant's plan of conversion shall comply with the requirements of the FDIC, including the determination of the eligibility record date (if applicable) with respect to subscription rights to purchase the applicant's conversion stock. The applicant's plan of conversion may also provide for employment contracts for the applicant's officers and employees upon conversion provided, however, that such contracts are in conformity with Missouri law; and for a stock option plan which shall be subject to approval by the director. The director may require provisions in an applicant's plan of conversion in addition to the requirements of the FDIC if s/he determines that such additional provisions are necessary for an equitable conversion.
- (6) Approval for Conversion. No plan of conversion shall be submitted to a meeting of the members of the association called for that purpose until and unless it is affirmatively found by the director that—
- (A) The plan is fair and equitable to the members of the applicant association;
- (B) The interests of the applicant's savings account holders and the public are adequately protected;
- (C) The amended articles and bylaws of the applicant are in conformity with Missouri law;
- (D) The plan of conversion has been approved by the FDIC and the converted association will have its accounts insured by the FDIC;
- (E) At least a majority of the board of directors of the converting association has approved the plan of conversion;
- (F) The director has approved the proxy statement and proxy forms; and
- (G) The applicant has complied with such additional requirements as are deemed necessary by the director and the appropriate federal regulatory agencies for an equitable conversion.
- (7) Vote by the Applicant's Members on Plan of Conversion. Upon approval by the director and the appropriate federal regulatory agencies, the plan of conversion shall be submitted to a meeting of the members called to consider such action.
- (A) No plan of conversion shall be implemented unless it is approved by a majority vote of the total number of votes eligible to be cast in person or by proxy at such meeting. Notice of the meeting, giving the time, place and purpose thereof, together with a proxy statement and proxy form approved by the director covering all matters to be brought before the meeting, shall be mailed to each voting member of the applicant at such member's last address as shown on the books of the applicant at least twenty (20) days before the date on which the meeting is to be held.
- (B) After the meeting of the applicant's voting members, which was called to consider the plan of conversion, the applicant shall promptly file with the director a certified copy of each resolution adopted at such meeting relating to the plan of conversion together with the following information certified to by its president or a vice president and attested by its secretary or assistant secretary with corporate seal:
1. The total number of votes eligible to be cast;
 2. The total number of votes represented in person or by proxy at the meeting;
 3. The total number of votes cast in favor of and against each such matter; and
 4. The percentage of votes present in person or by proxy cast in favor of and against each such matter.
- (C) The applicant shall also file with the director an opinion of counsel that the meeting was held in compliance with all applicable state and federal laws.
- (D) The certified copy of each resolution adopted at the meeting, being part of the minutes of such meeting when filed, shall be presumptive evidence of the holding of the meeting and of the action taken.
- (E) An association's members shall have no rights of approval or participation in a voluntary supervisory stock conversion approved by the director and the appropriate federal regulatory agency. The director and the appropriate federal regulatory agency may authorize the conversion to the stock form of an association in modified conversions pursuant to regulations of the appropriate federal regulatory agency without requiring the prior approval of the association's members.
- (8) Filing of Offering Circulars. The offering circulars for the applicant's subscription offering and any additional offering to the general public shall be prepared in compliance with the requirements of the FDIC and any additional requirements imposed by the director. Two (2) copies of each such offering circular in preliminary form shall be filed with the director, and no such offering circular shall be distributed to the applicant's members or to the general public in final form unless it has first been declared effective by the director.
- (9) Effective Date of Conversion. Subsequent to the meeting of the members, upon a finding by the director that the conversion to a capital savings and loan association has been completed in accordance with the requirements of Chapter 369, RSMo, and prior to the execution of orders for the applicant's conversion stock, the director shall issue to the applicant a certificate of conversion, attaching thereto a copy of the applicant's plan of conversion. A



certified copy of such certificate shall be filed by the director with the secretary of state and all amendments to the applicant's articles of incorporation pursuant to the plan of conversion shall become effective. Concurrently, the applicant shall execute all orders received for its conversion stock.

(10) A mutual association may convert to the stock form pursuant to this regulation and regulations of the appropriate federal regulatory agencies as part of a transaction in connection with the formation of a holding company, an acquisition by an existing holding company or a merger with an existing insured stock association.

*Auth: sections 369.078 and 369.299, RSMo (1994). * This rule previously filed as 4 CSR 260-16.010. Emergency rule filed May 10, 1982, effective May 20, 1982, expired Aug. 12, 1982. Original rule filed May 10, 1982, effective Aug. 12, 1982. Amended: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-28.010, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

**Original authority: 369.078, RSMo (1982), amended 1983, 1984, 1994 and 369.299, RSMo (1971), amended 1994.*