



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Acting Superintendent

ORDER ISSUED UNDER SECTION 12–a OF THE NEW YORK BANKING LAW

WHEREAS, pursuant to Section 12–a of the Banking Law, the Superintendent of Financial Services (the “Superintendent”) may issue an order authorizing one or more New York State-chartered banking institutions to exercise a federally permitted power (as such term is used in Section 12–a), subject to such terms and conditions as the Superintendent shall find necessary and appropriate; and

WHEREAS, Section 246.4 of the Banking Law imposes limitations on the family relationships of individuals who serve as trustees of a New York State-chartered mutual savings bank; and

WHEREAS, Section 293.1(a) of the Banking Law applies such limitations to individuals who serve as trustees of a mutual holding company formed by a New York State-chartered mutual savings bank; and

WHEREAS, Section 397.2(b)(3) of the Banking Law imposes analogous limitations on individuals who serve as directors of a New York State-chartered mutual savings and loan association; and

WHEREAS, Section 447–c.1(a) of the Banking Law applies such analogous limitations to individuals who serve as directors of a mutual holding company formed by a New York State-chartered mutual savings and loan association; and

WHEREAS, there are no limitations on the family relationships of individuals who serve as directors of Federal savings associations formed under the Home Owners’ Loan Act (“HOLA”)¹ or as directors of a mutual holding company formed by a Federal savings association under Section 10(o) of HOLA²; and

¹ 12 U.S.C. § 1461 *et seq.*

² 12 U.S.C. § 1467a(o).

WHEREAS, it is deemed prudent that the relief granted by this order be limited to a specified number of individuals at certain qualified institutions and be subject to the adoption of certain safeguards that address conflicts of interest; and

WHEREAS, the intent of the Superintendent to issue this order has been posted upon the bulletin board of the Department of Financial Services and such intent has been published in the weekly bulletin of the Department, which is available on the internet, pursuant to Section 42 of the Banking Law and at least thirty days have passed since such posting and publication; and

WHEREAS, the Superintendent hereby finds that issuance of this order, subject to the safeguards set forth below, is consistent with the policy of the State of New York as declared in Section 10 of the Banking Law and thereby protects the public interest, including the interests of depositors, creditors, shareholders, stockholders and consumers, and is necessary to achieve or maintain parity between New York State-chartered mutual savings banks and savings and loan associations, as well as mutual holding companies formed by such savings banks and savings and loan associations, on the one hand and their federal counterparts on the other, with respect to rights, powers, privileges, benefits, activities, loans, investments or transactions;

NOW, THEREFORE, BE IT ORDERED THAT

Notwithstanding anything in law or regulations to the contrary, pursuant to Section 12-a of the Banking Law:

Individuals may serve as trustees of a New York State-chartered mutual savings bank or as trustees of a mutual holding company formed by such a mutual savings bank or as directors of a New York State-chartered mutual savings and loan association or as directors of a mutual holding company formed by such a mutual savings and loan association (each a "mutual institution") without regard to the limitations on their family relationships that are set forth in Section 246.4 and Section 397.2(b)(3) of the Banking Law provided that:

- Such mutual savings bank or mutual savings and loan association qualify as "well capitalized" and "well managed" pursuant to the regulations of its appropriate Federal banking agency, as defined in Section 3(q) of the Federal Deposit Insurance Act³, and each insured

³ 12 U.S.C. § 1813(q). The appropriate Federal banking agency for a savings and loan association or for a savings bank that is not a member of the Federal Reserve System is the Federal Deposit Insurance Corporation (the "FDIC"). The FDIC's regulations define "well capitalized" and "well managed" at 12 CFR § 324.403(b) and § 362.17(e) respectively. The appropriate Federal banking agency for a savings bank that is a member of the Federal Reserve

depository institution controlled by a mutual institution also qualify as “well capitalized” and “well managed.”

- Not more than two of the members of the board of trustees or board of directors of a mutual institution and no more than one third of the members of any committee of such board, and of any quorum of such board or committee thereof, be individuals within the relationships specified in Section 246.4 and Section 397.2(b)(3) as applicable (“related individuals”).
- Not more than two related individuals be among the five highest compensated salaried officers of a mutual institution.
- The mutual institution shall have adopted comprehensive policies and procedures satisfactory to the Department which address any actual or potential conflicts of interest and that seek to assure that related individuals do not receive inappropriate favorable treatment compared to unrelated individuals. Such policies and procedures should at a minimum provide for the independent evaluation of the performance of each related individual in his or her position and the independent approval of any compensation or other benefit paid to, or credit extended to, any related individual by the mutual institution or any affiliate thereof.



Linda A. Lacewell
Acting Superintendent
of Financial Services

Dated: June 13, 2019

System is the Board of Governors of the Federal Reserve System whose regulations define “well capitalized” and “well managed” at 12 CFR § 208.243(b) and § 208.77(h) respectively.