

TABLE OF CONTENTS

**Conversion of Mutual Connecticut Banks
to Capital Stock Connecticut Banks**

Definitions	36a-136- 1
Pre-conversion meeting	36a-136- 2
Business plan	36a-136- 3
Confidentiality	36a-136- 4
Adoption of plan of conversion	36a-136- 5
Notice to depositors.	36a-136- 6
Amendment of plan of conversion of a mutual savings and loan associ- ation.	36a-136- 7
Filing requirements	36a-136- 8
Confidentiality of conversion application	36a-136- 9
Amendment of conversion application.	36a-136-10
Notice of filing of application and comment process	36a-136-11
Actions by commissioner on conversion application	36a-136-12
Vote by depositors of a converting mutual savings and loan association	36a-136-13
Proxy solicitation for vote of depositors of a mutual savings and loan association	36a-136-14
Filing of offering circular.	36a-136-15
Distribution of offering circular	36a-136-16
Filing of post-effective amendment to the offering circular.	36a-136-17
Purchase priority and timing of offer to sell conversion shares.	36a-136-18
Pricing of conversion shares	36a-136-19
Sale of conversion shares.	36a-136-20
Prohibited sales practices	36a-136-21
Payment for conversion shares by subscribers.	36a-136-22
Payment of interest on payments for conversion shares.	36a-136-23
Subscription rights of eligible account holders and supplemental eligi- ble account holders.	36a-136-24
Officers and directors and their associates as eligible account holders	36a-136-25
Purchase of conversion shares by other depositors of a mutual savings and loan association	36a-136-26
Limitations on the aggregate purchases of conversion shares by offi- cers, directors and their associates.	36a-136-27

Allocation of conversion shares if shares are oversubscribed.	36a-136-28
Purchase of conversion shares by employee stock ownership plan. . .	36a-136-29
Imposition of purchase limitations by the converting institution . . .	36a-136-30
Purchase preference for persons in the local community	36a-136-31
Other conditions applicable to the offering of conversion shares in a community offering, a public offering or both	36a-136-32
Completion of sale of stock	36a-136-33
Completion of conversion	36a-136-34
Termination of the conversion	36a-136-35
Rights of depositors of the converted institution	36a-136-36
Liquidation account.	36a-136-37
Implementation of a stock option plan or management or employee stock benefit plan	36a-136-38
Restrictions on trading of shares by directors, officers and their associ- ates	36a-136-39
Repurchase of shares after conversion.	36a-136-40
Declaration or payments of dividends after conversion	36a-136-41
Acquisition of shares after conversion	36a-136-42
Other requirements after conversion	36a-136-43
Donation of conversion shares or conversion proceeds to a charitable organization.	36a-136-44
Formation of holding company as part of the conversion.	36a-136-45
Acquisition of another insured capital stock bank as part of the conver- sion	36a-136-46
Merger with an existing insured capital stock bank as part of the conversion	36a-136-47
Acquisition by an existing holding company as part of the conversion	36a-136-48

Conversion of Mutual Connecticut Banks to Capital Stock Connecticut Banks

Sec. 36a-136-1. Definitions

As used in sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies, unless the context otherwise requires:

(1) “Acting in concert” means (A) knowing participation in a joint activity or interdependent conscious parallel action towards a common goal whether or not pursuant to an express agreement, or (B) 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. A person that acts in concert with another person shall also be deemed to be acting in concert with any person that is also acting in concert with that other person, except that any tax-qualified employee stock benefit plan shall not be deemed to be acting in concert with its trustee or a person that 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. For purposes of the share purchase limitations of sections 36a-136-24 to 36a-136-32, inclusive, of the Regulations of Connecticut State Agencies, the following presumptions shall apply: (A) Persons shall be presumed to be acting in concert with each other where both own stock in a bank or out-of-state bank and both are also management officials, controlling shareholders, partners or trustees of another company, or one person provides credit to another person or is instrumental in obtaining financing for another person to purchase stock of the converting institution, (B) a company controlling or controlled by another company and companies under common control shall be presumed to be acting in concert, (C) persons shall be presumed to be acting in concert where they constitute a group under the beneficial ownership reporting rules under Section 13 of the Securities Exchange Act of 1934, 15 USC 78m, or the proxy rules under Section 14 of the Securities Exchange Act of 1934, 15 USC 78n, promulgated by the Securities and Exchange Commission, (D) a person shall be presumed to be acting in concert with any trust for which such person serves as trustee, except that a tax-qualified employee tax benefit plan shall not be presumed to be acting in concert with its trustee or a person acting in a similar fiduciary capacity and (E) persons shall be presumed to be acting in concert with each other and with any other person with which they also are presumed to act in concert;

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

(3) “Associate”, when used to indicate a relationship with any person, means (A) a corporation or organization, other than the converting institution or a majority-owned subsidiary of the converting institution, if the person is an officer or partner or beneficially owns, directly or indirectly, ten per cent or more of any class of equity securities of the corporation or organization; (B) a trust or other estate if the person has a substantial beneficial interest in the trust or estate or is a trustee or fiduciary of the trust or estate, except that for purposes of sections 36a-136-27, 36a-136-29 to 36a-136-32, inclusive, and 36a-136-39 of the Regulations of Connecticut State Agencies, it does not include a converting institution’s tax-qualified employee stock benefit plan or nontax-qualified employee stock benefit plan in which a person has a substantial beneficial interest or serves as a trustee or a fiduciary, and for the purposes of section 36a-136-27 of the Regulations of Connecticut State Agencies,

does not include the converting institution's tax-qualified employee stock benefit plan; and (C) any person who is related by blood or marriage to such person and who lives in the same home as such person, or who is a director or senior officer of the converting institution or its holding company or subsidiary;

(4) "Capital stock bank" means a "Connecticut bank" or a "federal bank", as defined in section 36a-2 of the Connecticut General Statutes, that is authorized to accumulate funds through the issuance of its capital stock;

(5) "Commissioner" means "commissioner" as defined in section 36a-2 of the Connecticut General Statutes;

(6) "Control", "controlling", "controlled by" and "under common control with" means the direct or indirect power to direct or exercise a controlling influence over the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise as described in 12 CFR 574;

(7) "Converted institution" means a mutual institution that has converted to a capital stock bank pursuant to section 36a-136 of the Connecticut General Statutes and sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies;

(8) "Converting institution" means a mutual institution that is in the process of converting to a capital stock bank pursuant to section 36a-136 of the Connecticut General Statutes and sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies;

(9) "Department" means the Department of Banking;

(10) "Deposit" means "deposit" as defined in section 36a-2 of the Connecticut General Statutes;

(11) "Deposit account" means "deposit account" as defined in section 36a-2 of the Connecticut General Statutes;

(12) "Depositor" means any person who is legally entitled to withdraw funds from a deposit account with the converting institution;

(13) "Director" means "director" as defined in section 36a-2 of the Connecticut General Statutes;

(14) "Eligibility record date" means the date for determining eligible account holders, which date is at least one year before the date the converting institution's governing board adopts the plan of conversion;

(15) "Eligible account holder" means any person holding a qualifying deposit on the eligibility record date;

(16) "Governing board" means "governing board" as defined in section 36a-2 of the Connecticut General Statutes;

(17) "Liquidation account" means an account that represents the potential interest of eligible account holders and supplemental eligible account holders in the converting institution's net worth at the time of conversion and that is established by the converting institution, pursuant to subsection (i) of section 36a-136 of the Connecticut General Statutes and section 36a-136-37 of the Regulations of Connecticut State Agencies, for the benefit of eligible account holders and supplemental eligible account holders if there is a subsequent complete liquidation of the converted institution;

(18) "Local community" includes (A) any county, city or town in which the converting institution has a main office or branch, (B) each county's, city's or town's metropolitan statistical area, (C) all zip code areas in the converting institution's Community Reinvestment Act assessment area, and (D) any other area or category set out in the plan of conversion, as approved by the commissioner;

(19) “Mutual institution” means a mutual savings bank, federal mutual savings bank, mutual savings and loan association or federal mutual savings and loan association;

(20) “Mutual savings and loan association” means an institution chartered or organized under the laws of this state as a savings and loan association without capital stock;

(21) “Offer” or “offer to sell” means an attempt or offer to dispose of or a solicitation of an offer to purchase a security or interest in a security for value. “Offer” or “offer to sell” does not include preliminary negotiations or an agreement with an underwriter or among underwriters who are or will be in privity of contract with the converting institution;

(22) “Officer” means the chairman of the board, chief executive officer, president, vice president, secretary, treasurer, chief financial officer, chief operating officer, any other person performing similar functions with respect to any organization, whether incorporated or unincorporated, and any person who has been designated as an officer by the governing board;

(23) “Person” means “person” as defined in section 36a-2 of the Connecticut General Statutes;

(24) “Proxy solicitation material” includes a proxy statement, form of proxy or other written or oral communication regarding the conversion;

(25) “Purchase” includes any contract to acquire a security or interest in a security for value;

(26) “Qualifying deposit” means the total balance in an account holder’s qualifying deposit accounts at the close of business on the eligibility record date or supplemental eligibility record date, provided the plan of conversion may provide that only qualifying deposit accounts with total deposit balances of fifty dollars or more will qualify;

(27) “Qualifying deposit account” means a deposit account but does not include a tax and loan account, note account, United States Treasury General Account, United States Treasury Time Deposit Open Account or an escrow account established pursuant to section 49-2a of the Connecticut General Statutes;

(28) “Sale” or “sell” includes any contract to dispose of a security or interest in a security for value;

(29) “Security” means “security” as defined in section 36b-3 of the Connecticut General Statutes;

(30) “Solicitation” and “solicit” means a request for a proxy, whether or not accompanied by or included in a form of proxy; a request to execute, not execute or revoke a proxy; or the furnishing of a form of proxy or other communication reasonably calculated to cause the converting institution’s depositors to procure, withhold or revoke a proxy. “Solicitation” or “solicit” does not include providing a form of proxy at the unsolicited request of a depositor, the acts required to mail communications for depositors or ministerial acts performed on behalf of a person soliciting a proxy;

(31) “Subscription offering” means the offering of shares through nontransferable subscription rights to: (A) Eligible account holders under section 36a-136-24 of the Regulations of Connecticut State Agencies; (B) tax-qualified employee stock ownership plans under section 36a-136-29 of the Regulations of Connecticut State Agencies; (C) supplemental eligible account holders under section 36a-136-24 of the Regulations of Connecticut State Agencies; and (D) in the case of a mutual

savings and loan association, other voting depositors under section 36a-136-26 of the Regulations of Connecticut State Agencies;

(32) “Subsidiary” means “subsidiary” as defined in section 36a-2 of the Connecticut General Statutes;

(33) “Supplemental eligibility record date” means the date for determining supplemental eligible account holders, which date is the last day of the calendar quarter before the commissioner approves the conversion and will only occur if the commissioner has not approved the conversion within fifteen months after the eligibility record date;

(34) “Supplemental eligible account holder” means any person, except the converting institution’s officers, directors and their associates, holding qualifying deposits on the supplemental eligibility record date;

(35) “Tax-qualified employee stock benefit plan” is any defined benefit plan or defined contribution plan, such as an employee stock ownership plan, stock bonus plan, profit-sharing plan or other plan, and a related trust that is qualified under Section 401 of the Internal Revenue Code, 26 USC 401; and

(36) “Underwriter” is any person who purchases any securities from the converting institution with a view to distributing the securities, offers or sells securities for the converting institution in connection with the securities’ distribution or participates or has a direct or indirect participation in the direct or indirect underwriting of any such undertaking. Underwriter does not include a person whose interest is limited to a usual and customary distributor’s or seller’s commission from an underwriter or dealer.

(Adopted effective September 7, 2007)

Sec. 36a-136-2. Pre-conversion meeting

Appropriate representatives of the converting institution designated by its governing board shall meet with the commissioner before the converting institution files its conversion application to discuss the conversion, general issues that the converting institution may confront in the conversion process and any other pertinent issues.

(Adopted effective September 7, 2007)

Sec. 36a-136-3. Business plan

(a) Prior to filing an application for conversion, the converting institution shall adopt a business plan reflecting the converting institution’s intended plans for deployment of the proposed conversion proceeds. The chief executive officer and the governing board shall review, and at least a majority of the governing board shall approve, the business plan. Such business plan is required under section 36a-136-8 of the Regulations of Connecticut State Agencies to be included in the conversion application. At a minimum, the business plan shall address:

(1) The converting institution’s projected operations and activities for three years following the conversion. The converting institution shall describe how it will deploy the conversion proceeds at the converted institution and holding company, if applicable, what opportunities are available to reasonably achieve the planned deployment of conversion proceeds and how the deployment will provide a reasonable return commensurate with investment risk, investor expectations and industry norms by the final year of the business plan. The converting institution shall include three years of projected financial statements. The business plan shall provide that the converted institution shall retain at least fifty per cent of the net conversion proceeds. The commissioner may: (A) Require that a larger percentage of proceeds remain in the converted institution, or (B) authorize the converted institution to retain

a smaller percentage if the commissioner determines that the proposed deployment of proceeds is consistent with safety and soundness and will benefit the community;

(2) The converting institution's plan for deploying conversion proceeds to meet credit and lending needs in the proposed market areas;

(3) The risks associated with the converting institution's plan for deployment of conversion proceeds and the effect of this plan on management resources, staffing and facilities; and

(4) The expertise of the converting institution's management and governing board, or the converting institution's plan for adequate staffing and controls to prudently manage the growth, expansion, new investment and other operations and activities proposed in the business plan.

(b) The converting institution shall not project returns of capital or special dividends in any part of the business plan. A newly converted institution or its holding company, if applicable, shall not plan on stock repurchases in the first year of the business plan.

(c) If the commissioner approves the application for conversion and the conversion is completed, the converted institution shall operate within the parameters of the business plan. The converted institution shall obtain the prior written approval of the commissioner for any material deviations from the business plan.

(Adopted effective September 7, 2007)

Sec. 36a-136-4. Confidentiality

(a) The converting institution may discuss information about the conversion with individuals that it authorizes to prepare documents for the conversion or otherwise engages to assist in the conversion process.

(b) Except as permitted under subsection (a) of this section, the converting institution shall keep all information about the conversion confidential until its governing board adopts the plan of conversion.

(c) If the converting institution violates this section, the commissioner may require it to take remedial action, including any or all of the following actions:

(1) Publicly announce that the converting institution is considering a conversion;

(2) Set an eligibility record date acceptable to the commissioner;

(3) Limit the subscription rights of any person who violates or aids in a violation of this section; or

(4) Take any other action to assure that the conversion is fair and equitable.

(Adopted effective September 7, 2007)

Sec. 36a-136-5. Adoption of plan of conversion

Prior to filing an application for conversion, the governing board of the converting institution shall adopt, by at least a majority vote, a plan of conversion that conforms to sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies. The plan of conversion is required, under section 36a-136-8 of the Regulations of Connecticut State Agencies, to be included in the converting institution's conversion application. The plan of conversion shall include the information included in sections 36a-136-18 to 36a-136-37, inclusive, and 36a-136-39 of the Regulations of Connecticut State Agencies. The commissioner may require the converting institution to delete or revise any provision in the plan of conversion if the commissioner determines that the provision is inequitable, detrimental to the converting institution, its account holders or other Connecticut-chartered banks or contrary to public interest.

(Adopted effective September 7, 2007)

Sec. 36a-136-6. Notice to depositors

(a) (1) The converting institution shall promptly notify its depositors that its governing board adopted a plan of conversion and that a copy of the plan is available for the depositors' inspection in the converting institution's main office and branches. The converting institution shall mail a letter to each depositor or publish a notice in the local newspaper in each local community where the converting institution has a branch office. The converting institution may also issue a press release.

(2) The commissioner may require notification broader than that required under subdivision (1) of this subsection, if necessary, to ensure adequate notice to the depositors.

(b) The converting institution shall not provide financial statements, describe the benefits of conversion, estimate the value of the converting institution's shares upon conversion or, in the case of a converting mutual savings and loan association, solicit proxies in the letter, notice or press release. If the converting institution responds to inquiries about the conversion, the converting institution may address only the matters listed in subsections (c) and (d) of this section.

(c) The converting institution may include any of the following statements and descriptions in its letter, notice or press release:

(1) The governing board adopted a proposed plan to convert from a mutual to a stock institution;

(2) The commissioner must approve the conversion before the conversion will be effective. The depositors will have an opportunity to file written comments, including objections and materials supporting the objections, with the commissioner;

(3) The Internal Revenue Service must issue a favorable tax ruling, or a tax expert must issue an appropriate tax opinion, on the tax consequences of the conversion before the commissioner will approve the conversion. The ruling or opinion must indicate the conversion will be a tax-free reorganization;

(4) The commissioner might not approve the conversion and the Internal Revenue Service or a tax expert might not issue a favorable tax ruling or tax opinion;

(5) Account holders will continue to hold accounts in the converted institution with the same dollar amounts, rates of return and general terms as existing deposits. The Federal Deposit Insurance Corporation will continue to insure the accounts;

(6) The conversion will not affect borrowers' loans, including the amount, rate, maturity, security and other contractual terms;

(7) The converting institution's business of accepting deposits and making loans will continue without interruption;

(8) The converting institution's current management and staff will continue to conduct current services for depositors and borrowers under current policies and in existing offices;

(9) The converting institution may continue to be a member of the Federal Home Loan Bank System;

(10) The converting institution may terminate the proposed conversion;

(11) The proposed record date for determining the eligible account holders who are entitled to receive subscription rights to purchase shares of the converting institution;

(12) A brief description of the circumstances under which supplemental eligible account holders will receive subscription rights to purchase shares of the converting institution;

(13) A brief description of how directors, officers and employees will participate in the conversion;

(14) A brief description of the proposed plan of conversion;

(15) The par value, if any, and approximate number of shares the converting institution will issue and sell in the conversion; and

(16) The converting institution may substantially amend the plan of conversion.

(d) A converting institution that is a mutual savings and loan association may also include any of the following statements and descriptions in its letter, notice or press release:

(1) The converting institution will send the depositors a proxy statement with detailed information on the proposed conversion before convening a depositors' meeting to vote on the conversion;

(2) The depositors will have an opportunity to approve or disapprove the proposed conversion at a meeting. At least a majority of the eligible votes shall approve the conversion;

(3) The converting institution will not vote existing proxies to approve or disapprove the conversion. The converting institution will solicit new proxies for voting on the proposed conversion;

(4) The converting institution may substantively amend the converting institution's proposed plan of conversion before the depositors' meeting;

(5) After the commissioner approves the proposed conversion, the converting institution will send proxy materials providing additional information. After the converting institution sends proxy materials, depositors may telephone or write to the converting institution with additional questions; and

(6) A brief description of how depositors may participate in the conversion.

(Adopted effective September 7, 2007)

Sec. 36a-136-7. Amendment of plan of conversion of a mutual savings and loan association

A converting mutual savings and loan association may amend the plan of conversion before it solicits proxies. After soliciting proxies, such converting institution may amend the plan of conversion only with the approval of the commissioner.

(Adopted effective September 7, 2007)

Sec. 36a-136-8. Filing requirements

(a) The converting institution shall file an original and three copies of the conversion application using the "Application for Conversion from a Mutual to a Stock Institution" that may be obtained from the department or the department's website. The conversion application shall include the following:

(1) The plan of conversion;

(2) An appraisal that meets the requirements of subsection (b) of section 36a-136-12 of the Regulations of Connecticut State Agencies;

(3) In the case of a converting mutual savings and loan association, proxy solicitation materials required under section 36a-136-14 of the Regulations of Connecticut State Agencies, including: (A) A preliminary proxy statement with signed financial statements; (B) a form of proxy that meets the requirements of subsection (b) of section 36a-136-14 of the Regulations of Connecticut State Agencies; and (C) any additional proxy solicitation materials, including press releases, personal solicitation instructions, radio or television scripts that the converting institution plans to use or furnish to the depositors and a legal opinion indicating that any marketing materials used or furnished comply with all applicable securities laws;

(4) An offering circular that includes any material provisions of Connecticut law applicable to the conversion;

(5) The documents and information required by the “Application for Conversion from a Mutual to a Stock Institution”. The proposed certificate of incorporation shall include a provision requiring the converted institution to establish and maintain a liquidation account for eligible account holders and supplemental eligible account holders pursuant to section 36a-136-37 of the Regulations of Connecticut State Agencies;

(6) Written consents, signed and dated, of any accountant, attorney, investment banker, appraiser or other professional who prepared, reviewed, passed upon or certified any statement, report or valuation for use;

(7) The business plan, submitted as a separately bound, confidential exhibit under section 36a-136-9 of the Regulations of Connecticut State Agencies;

(8) The proposed charter and bylaws, or trust agreement, of any charitable organization to which the converted institution will make a contribution under section 36a-136-44; and

(9) Any additional information the commissioner requires.

(b) The commissioner shall not accept for filing and shall return any application for conversion that is improperly executed, materially deficient, substantially incomplete or that provides for unreasonable conversion expenses.

(Adopted effective September 7, 2007)

Sec. 36a-136-9. Confidentiality of conversion application

The converting institution may request the commissioner to keep portions of the conversion application confidential. The converting institution shall separately bind and clearly designate such portions as “confidential” and provide a written statement specifying the grounds supporting the request for confidentiality. The commissioner may keep such portions of the conversion application confidential to the extent permitted by law.

(Adopted effective September 7, 2007)

Sec. 36a-136-10. Amendment of conversion application

To amend the conversion application, the converting institution shall (1) file an amendment with an appropriate facing sheet, (2) number each amendment consecutively, (3) respond to all issues raised by the commissioner, and (4) demonstrate that the amendment conforms to section 36a-136 of the Connecticut General Statutes and all applicable regulations.

(Adopted effective September 7, 2007)

Sec. 36a-136-11. Notice of filing of application and comment process

(a) The converting institution shall publish a notice of the conversion that includes the following:

(1) The institution’s name and address;

(2) The type of application;

(3) A statement that the nonconfidential portions of the application are on file at the department and are available for public inspection during regular business hours;

(4) A statement indicating that any person may submit written comments to the commissioner not later than thirty calendar days after the date of publication of the notice; and

(5) The address of the department.

(b) The notice shall be published in a newspaper designated by the commissioner having a substantial circulation in the area in which the institution’s main office is located no earlier than seven days before and no later than the date of filing of the

application. The converting institution shall simultaneously prominently post such notice in its main office and branches.

(c) Promptly after publication, the converting institution shall file with the commissioner a copy of any public notice and an affidavit of publication from each publisher.

(Adopted effective September 7, 2007)

Sec. 36a-136-12. Actions by commissioner on conversion application

(a) The commissioner may approve the conversion only if the commissioner makes the determinations required by subsection (l) of section 36a-136 of the Connecticut General Statutes, provided a plan of conversion that is fair to depositors shall at a minimum:

(1) Give priority to depositors to purchase stock of the converting institution in accordance with section 36a-136-18 of the Regulations of Connecticut State Agencies;

(2) Provide for a qualifying deposit as defined in subdivision (26) of section 36a-136-1 of the Regulations of Connecticut State Agencies;

(3) Provide for an eligibility record date as defined in subdivision (14) of section 36a-136-1 of the Regulations of Connecticut State Agencies and a supplemental eligibility record date as defined in subdivision (33) of section 36a-136-1 of the Regulations of Connecticut State Agencies;

(4) Provide that the insurable accounts and deposits of the converted institution shall be insured by the Federal Deposit Insurance Corporation; and

(5) Provide that each eligible account holder and supplemental eligible account holder of the converting institution shall receive, without payment, a withdrawable deposit account or accounts in the converted institution equal in withdrawable amount to the withdrawal value of such eligible account holder's or supplemental eligible account holder's deposit account or accounts in the converting institution.

(b) The commissioner shall review the appraisal filed under subdivision (2) of subsection (a) of section 36a-136-8 of the Regulations of Connecticut State Agencies in determining whether to approve the conversion application. The appraisal shall be subject to the following:

(1) Independent persons experienced and expert in corporate appraisal, and acceptable to the commissioner, shall prepare the appraisal report;

(2) An affiliate of the appraiser may serve as an underwriter or selling agent if the converting institution ensures that the appraiser is separate from the underwriter or selling agent affiliate and the underwriter or selling agent affiliate does not make recommendations or affect the appraisal;

(3) The appraiser shall not receive any fee in connection with the conversion other than for appraisal services;

(4) The appraisal report shall include a complete and detailed description of the elements of the appraisal, a justification for the appraisal methodology and sufficient support for the conclusions;

(5) If the appraisal is based on a capitalization of the converting institution's pro forma income, it shall indicate the basis for determining the income to be derived from the sale of shares and demonstrate that the earnings multiple used is appropriate, including future earnings growth assumptions;

(6) If the appraisal is based on a comparison of the converting institution's shares with outstanding shares of existing capital stock banking institutions, the existing capital stock banking institutions shall be reasonably comparable in size, market area, competitive conditions, risk profile, profit history and expected future earnings;

(7) The commissioner may decline to process the application for conversion and deem it materially deficient or substantially incomplete if the initial appraisal report is materially deficient or substantially incomplete; and

(8) The converting institution shall not represent or imply that the commissioner approved the appraisal.

(c) The commissioner may require the converting institution to amend the conversion application if further explanation is necessary, material is missing or needs to be corrected.

(d) The commissioner shall deny the conversion application if the application does not meet the requirements of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies, unless the commissioner waives the requirement under subsection (j) or (k) of section 36a-136 of the Connecticut General Statutes.

(Adopted effective September 7, 2007)

Sec. 36a-136-13. Vote by depositors of a converting mutual savings and loan association

In the case of a converting institution that is a mutual savings and loan association:

(a) After the commissioner approves the plan of conversion, the converting institution shall submit the plan of conversion to its depositors for approval. The converting institution shall obtain this approval at a special meeting.

(b) The plan of conversion shall require the approval of not less than fifty-one per cent of the votes cast by the depositors at the special meeting.

(c) Depositors may vote in person or by proxy. The converting institution shall determine depositors' eligibility to vote by setting a voting record date that is not more than sixty days or less than twenty days before the special meeting.

(d) The converting institution shall notify its depositors of the meeting to consider the conversion by sending them a proxy statement authorized by the commissioner twenty to forty-five days before the meeting. In the case of an account held in a fiduciary capacity, the converting institution shall also notify each beneficial holder of such account if the name and address of the beneficial holder is disclosed on the converting institution's records.

(e) Promptly after the depositors' meeting, the converting institution shall file the following information with the commissioner: (1) A certified copy of each adopted resolution on the conversion; (2) the total votes eligible to be cast; (3) the total votes represented in person or by proxy; (4) the total votes cast in favor of and against each matter; (5) the percentage of votes necessary to approve each matter; and (6) an opinion of counsel that the converting institution conducted the depositors' meeting in compliance with all applicable state or federal laws and regulations.

(Adopted effective September 7, 2007)

Sec. 36a-136-14. Proxy solicitation for vote of depositors of a mutual savings and loan association

(a) A converting mutual savings and loan association shall comply with the provisions of this section. Any depositor who provides proxy solicitation material to depositors for the meeting to vote on the conversion also shall comply with the provisions of this section, except where: (1) The depositor solicits fifty people or fewer and does not solicit proxies on behalf of the converting institution; or (2) the depositor solicits proxies through newspaper advertisements after the converting institution's governing board adopts the plan of conversion. Any newspaper adver-

tisements may include only the following information: (A) The converting institution's name; (B) the reason for the advertisement; (C) the proposal or proposals to be voted upon; (D) where a depositor may obtain a copy of the proxy solicitation material; and (E) a request for depositors to vote at the meeting.

(b) The form of proxy shall include all of the following: (1) A statement in bold face type stating whether management is soliciting the proxy; (2) blank spaces for the depositor to date and sign the proxy; (3) clear and impartial identification of each matter or group of related matters that depositors will vote upon. Any proposed charitable contribution shall be included as an item to be voted on separately; (4) the phrase "Revocable Proxy" in at least eighteen point bold face type; (5) a description of any restrictions or conditions on votes by proxy; (6) an acknowledgment that the depositor received a proxy statement before he or she signed the form of proxy; (7) the date, time and place of the meeting, when available; (8) a way for the depositor to specify by ballot whether he or she approves or disapproves of each matter that depositors will vote upon; (9) a statement that management will vote the proxy in accordance with the depositor's specifications; and (10) a statement in bold face type indicating how management will vote the proxy if the depositor does not specify a choice for a matter.

(c) The converting institution shall not use previously executed proxies for the plan of conversion vote. If depositors consider the plan of conversion at an annual meeting, the converting institution may vote proxies obtained through other proxy solicitations only on matters not related to the plan of conversion. The converting institution may vote a proxy obtained for the plan of conversion vote on matters that are incidental to the conduct of the meeting but shall not vote any such proxy at any meeting other than the meeting to vote on the plan of conversion or any adjournment of such meeting.

(d) The converting institution shall prepare its proxy statement in compliance with this section and the proxy statement shall include the type of information required to be included by Form PS issued by the Office of Thrift Supervision.

(e) The commissioner shall review the proxy solicitation material with the application for conversion and shall authorize the use of such material. The converting institution shall provide an authorized written proxy statement to depositors before or at the same time it provides any other soliciting material and shall mail authorized proxy solicitation material to depositors not later than ten days after the commissioner authorizes the solicitation.

(f) If the converting institution revises its proxy solicitation materials, it shall file the revised materials as an amendment to its application for conversion in accordance with section 36a-136-10 of the Regulations of Connecticut State Agencies. The converting institution shall obtain the authorization of the commissioner prior to sending or giving the proxy solicitation material to depositors. The converting institution shall indicate the date that it will release the materials. Unless the commissioner so requests, the converting institution need not file copies of replies to inquiries from its depositors or copies of communications that merely request depositors to sign and return proxy forms.

(g) (1) The converting institution shall mail a depositor's authorized proxy solicitation material if (A) the governing board adopted a plan of conversion, (B) a depositor requests in writing that the institution mail the proxy solicitation material, (C) the commissioner has authorized the depositor's proxy solicitation, and (D) the depositor agrees to defray the converting institution's reasonable expenses.

(2) As soon as practicable after the converting institution receives a request under subdivision (1) of this subsection, it shall mail or otherwise furnish the following

information to the depositor: (A) The approximate number of depositors that it solicited or will solicit or the approximate number of members of any group of account holders that the depositor designates; and (B) the estimated cost of mailing the proxy solicitation material for the depositor.

(3) The converting institution shall mail authorized proxy solicitation material to the designated depositors promptly after the depositor furnishes the materials, envelopes or other containers and postage or payment for postage to it.

(4) The converting institution shall not be responsible for the content of a depositor's proxy solicitation material.

(5) A depositor may furnish such depositor's proxy solicitation material, authorized by the commissioner, subject to the rules in this section to other depositors.

(h) (1) No person may use proxy solicitation material for the depositors' meeting if the material contains any statement which, considering the time and the circumstances of the statement: (A) Is false or misleading with respect to any material fact; (B) omits any material fact that is necessary to make the statements not false or misleading; or (C) omits any material fact that is necessary to correct a statement in an earlier communication that has become false or misleading.

(2) No person may represent or imply that the commissioner determined that the proxy solicitation material is accurate, complete, not false or not misleading or passed upon the merits of or approved any proposal.

(3) No person may solicit: (A) An undated or post-dated proxy; (B) a proxy that states it will be dated after the date it is signed by a depositor; (3) a proxy that is not revocable at will by the depositor; or (D) a proxy that is part of another document or instrument.

(i) If a solicitation violates subsection (h) of this section, the commissioner may, in addition to any other remedy provided by law, require remedial measures, including: (1) Correction of the violation by a retraction and a new solicitation; (2) rescheduling the depositors' meeting; or (3) any other actions necessary to ensure a fair vote.

(j) If the converting institution amends its application for conversion, the commissioner may require it to re-solicit proxies for the depositors' meeting as a condition of approval of the amendment.

(Adopted effective September 7, 2007)

Sec. 36a-136-15. Filing of offering circular

(a) The converting institution shall prepare and file its offering circular with the commissioner in compliance with section 36a-136-8 of the Regulations of Connecticut State Agencies.

(b) In the case of a mutual savings and loan association, the stock offering shall be conditioned upon depositor approval of the plan of conversion.

(c) The commissioner shall review the offering circular and may comment on the included disclosures and financial statements.

(d) The converting institution shall file with the commissioner four copies of each pre-effective offering circular, final offering circular and any post-effective amendment to the final offering circular.

(e) The commissioner shall not approve the adequacy or accuracy of the offering circular or the disclosures.

(f) After the converting institution satisfactorily addresses the commissioner's concerns, it shall request the commissioner to declare the offering circular effective for a time period. The time period shall not exceed the maximum time period for

the completion of the sale of all of the shares under section 36a-136-33 of the Regulations of Connecticut State Agencies.

(Adopted effective September 7, 2007)

Sec. 36a-136-16. Distribution of offering circular

(a) A mutual savings and loan association may distribute a preliminary offering circular at the same time as or after it mails the proxy statement to its depositors.

(b) A converting institution shall not distribute an offering circular until the commissioner declares it effective.

(c) The offering circular shall be distributed not later than ten days after the commissioner declares it effective to persons listed in the plan of conversion.

(Adopted effective September 7, 2007)

Sec. 36a-136-17. Filing of post-effective amendment to the offering circular

(a) The converting institution shall file a post-effective amendment to the offering circular with the commissioner when a material event or change of circumstance occurs.

(b) After the commissioner declares the post-effective amendment effective, the converting institution shall immediately deliver the amendment to each person who subscribed for or ordered shares in the offering.

(c) The post-effective amendment shall indicate that each person may increase, decrease or rescind such person's subscription or order.

(d) The post-effective offering period shall remain open no less than ten days nor more than twenty days from the effective date of the amendment, unless the commissioner approves a longer rescission period.

(Adopted effective September 7, 2007)

Sec. 36a-136-18. Purchase priority and timing of offer to sell conversion shares

(a) The converting institution shall offer to sell its shares in the following order: (1) Eligible account holders, (2) tax-qualified employee stock ownership plans, (3) supplemental eligible account holders, (4) other depositors who have subscription rights, and (5) the community, the community and the general public or the general public.

(b) The converting institution may offer to sell its conversion shares after the commissioner approves the conversion, authorizes the proxy statement, if applicable, and declares the offering circular effective. In the case of a mutual savings and loan association, the offer may commence at the same time as the proxy solicitation of depositors.

(Adopted effective September 7, 2007)

Sec. 36a-136-19. Pricing of conversion shares

(a) The converting institution shall sell its conversion shares at a uniform price per share and at a total price that is equal to the estimated pro forma market value of the shares after it converts.

(b) The maximum price shall be no more than fifteen per cent above the midpoint of the estimated price range in the offering circular.

(c) The minimum price shall be no more than fifteen per cent below the midpoint of the estimated price range in the offering circular.

(d) If the commissioner permits, the maximum price of conversion shares sold may be increased. The maximum price, as adjusted, shall be no more than fifteen per cent above the maximum price computed under subsection (b) of this section.

(e) The maximum price shall be between five dollars and fifty dollars per share.

(f) The estimated price shall be included in any preliminary offering circular.

(Adopted effective September 7, 2007)

Sec. 36a-136-20. Sale of conversion shares

(a) The converting institution shall sell its conversion shares in a subscription offering. It shall distribute order forms to all eligible account holders, supplemental eligible account holders and other depositors with subscriptions rights to enable them to subscribe for the conversion shares they are permitted under the plan of conversion. The converting institution may either send the order forms with the offering circular or after it distributes the offering circular.

(b) The converting institution may sell its conversion shares in a community offering, a public offering or both. It may begin the community offering, the public offering or both at any time during the subscription offering or upon conclusion of the subscription offering.

(c) The converting institution may pay underwriting commissions, including underwriting discounts, if prior to the payment of such commissions, it obtains a letter of no objection from the commissioner. The converting institution may reimburse an underwriter for accountable expenses in a subscription offering if the public offering is limited. If no public offering occurs, the converting institution may pay an underwriter a consulting fee if prior to the payment of such fee it obtains a letter of no objection from the commissioner.

(d) If the community offering, the public offering or both are conducted at the same time as the subscription offering, the converting institution shall fill all subscription orders first.

(e) The order form shall be prepared in compliance with this section and the form of the "Order Form for Conversion Shares" which can be obtained on the department's website.

(Adopted effective September 7, 2007)

Sec. 36a-136-21. Prohibited sales practices

(a) In connection with offers, sales or purchases of conversion shares, the converting institution and its directors, officers, agents or employees shall not engage in any activity prohibited by section 36b-4 of the Connecticut General Statutes.

(b) During the conversion, no person may:

(1) Transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of subscription rights for the conversion shares or the underlying securities to the account of another;

(2) Make any offer or any announcement of an offer to purchase any conversion shares from anyone but the converting institution; or

(3) Knowingly acquire more than the maximum purchase allowable under the plan of conversion.

(c) The restrictions in subdivisions (1) and (2) of subsection (b) of this section do not apply to offers for more than ten per cent of any class of conversion shares by:

(1) An underwriter or a selling group, acting on behalf of the converting institution, that makes the offer with a view toward public resale; or

(2) Any of the converting institution's tax-qualified employee stock ownership plans so long as the plan does not beneficially own more than twenty-five per cent of any class of the converting institution's equity securities in the aggregate.

(Adopted effective September 7, 2007)

Sec. 36a-136-22. Payment for conversion shares by subscribers

(a) A subscriber may purchase conversion shares with cash, by a withdrawal from a savings account or a withdrawal from a certificate of deposit. If a subscriber purchases shares by a withdrawal from a certificate of deposit, the converting institution shall not assess a penalty for the withdrawal.

(b) The converting institution shall not extend credit to any person to purchase the conversion shares.

(Adopted effective September 7, 2007)

Sec. 36a-136-23. Payment of interest on payments for conversion shares

(a) The converting institution shall pay interest from the date it receives a payment for conversion shares until the date the conversion is completed or terminated. Interest shall be paid at no less than the passbook rate for amounts paid in cash, check or money order.

(b) If a subscriber withdraws money from a savings account to purchase conversion shares, the converting institution shall pay interest on the payment until the conversion is completed or terminated as if the withdrawn amount remained in the account.

(c) If a depositor fails to maintain the applicable minimum balance requirement because he or she withdraws money from a certificate of deposit to purchase conversion shares, the converting institution may cancel the certificate and pay interest at no less than the passbook rate on any remaining balance.

(Adopted effective September 7, 2007)

Sec. 36a-136-24. Subscription rights of eligible account holders and supplemental eligible account holders

(a) The converting institution shall give each eligible account holder subscription rights to purchase conversion shares in an amount equal to the greater of:

(1) The maximum purchase limitation established for the community offering or the public offering under section 36a-136-32 of the Regulations of Connecticut State Agencies;

(2) One-tenth of one per cent of the total stock offering; or

(3) Fifteen times the following number: The total number of conversion shares that will be issued multiplied by a fraction whose numerator is the total qualifying deposit of the eligible account holder and denominator is the total qualifying deposits of all eligible account holders. The product of this multiplied fraction shall be rounded to the next whole number.

(b) The converting institution shall give subscription rights to purchase shares to each supplemental eligible account holder in the same amount as described in subsection (a) of this section, except that the numerator of the fraction described in subdivision (3) of subsection (a) of this section shall be the total qualifying deposit of the supplemental eligible account holder and the denominator shall be the total qualifying deposits of all supplemental eligible account holders.

(Adopted effective September 7, 2007)

Sec. 36a-136-25. Officers and directors and their associates as eligible account holders

Officers and directors of the converting institution and their associates may be eligible account holders, provided if an officer or director or his or her associate receives subscription rights based on increased deposits in the year before the eligibility record date, the converting institution shall subordinate subscription rights for such deposits to subscription rights exercised by other eligible account holders.

(Adopted effective September 7, 2007)

Sec. 36a-136-26. Purchase of conversion shares by other depositors of a mutual savings and loan association

(a) A converting institution that is a savings and loan association shall give rights to purchase the conversion shares to depositors who are neither eligible account holders nor supplemental eligible account holders. Such depositors shall be allocated purchase rights that are equal to the greater of:

(1) The maximum purchase limitation established for the community offering and the public offering under section 36a-136-32 of the Regulations of Connecticut State Agencies; or

(2) One-tenth of one per cent of the total stock offering.

(b) Such purchase rights shall be subordinated to the rights of eligible account holders, tax-qualified employee stock ownership plans and supplemental eligible account holders.

(Adopted effective September 7, 2007)

Sec. 36a-136-27. Limitations on the aggregate purchases of conversion shares by officers, directors and their associates

(a) Officers and directors of the converting institution and their associates shall not purchase, in the aggregate, more than the following percentage of the total stock offering in the conversion:

<u>Institution size</u>	<u>Officer, director and associate purchases (per cent)</u>
\$50,000,000 or less	35
\$50,000,001-100,000,000	34
\$100,000,001-150,000,000	33
\$150,000,001-200,000,000	32
\$200,000,001-250,000,000	31
\$250,000,001-300,000,000	30
\$300,000,001-350,000,000	29
\$350,000,001-400,000,000	28
\$400,000,001-450,000,000	27
\$450,000,001-500,000,000	26
Over \$500,000,000	25

(b) The purchase limitations in this section shall not apply to shares held in tax-qualified employee stock benefit plans that are attributable to the officers, directors and their associates.

(Adopted effective September 7, 2007)

Sec. 36a-136-28. Allocation of conversion shares if shares are oversubscribed

(a) If the conversion shares are oversubscribed by the eligible account holders, the converting institution shall allocate shares among the eligible account holders so that each, to the extent possible, may purchase one hundred shares.

(b) If the conversion shares are oversubscribed by the supplemental eligible account holders, the converting institution shall allocate shares among the supplemental eligible account holders so that each, to the extent possible, may purchase one hundred shares.

(c) If a person is an eligible account holder and a supplemental eligible account holder, the converting institution shall include the eligible account holder's allocation in determining the number of conversion shares that it may allocate to the person as a supplemental eligible account holder.

(d) For conversion shares that are not allocated under subsections (a) and (b) of this section, the converting institution shall allocate the shares among the eligible or supplemental eligible account holders equitably, based on the amounts of qualifying deposits. The method of allocation shall be described in the plan of conversion.

(e) In the case of a mutual savings and loan association, if shares remain after the allocation of shares as provided in subsections (a) and (b) of this section, and if depositors who are neither eligible account holders nor supplemental account holders oversubscribe, the converting institution shall allocate the conversion shares among such depositors equitably. The method of allocation shall be described in the plan of conversion.

(Adopted effective September 7, 2007)

Sec. 36a-126-29. Purchase of conversion shares by employee stock ownership plan

(a) The converting institution's tax-qualified employee stock ownership plan may purchase up to ten per cent of the total offering of the conversion shares.

(b) If the commissioner approves a revised stock valuation range as described in subsection (d) of section 36a-136-19 of the Regulations of Connecticut State Agencies, and the final conversion stock valuation range exceeds the former maximum stock offering range, the converting institution may allocate conversion shares to the tax-qualified employee stock ownership plan up to the ten per cent limit in subsection (a) of this section.

(c) If the tax-qualified employee stock ownership plan is not able to or chooses not to purchase stock in the offering, it may, with prior approval of the commissioner and appropriate disclosure in the offering circular, purchase stock in the open market or purchase authorized but unissued conversion shares.

(d) The converting institution may include stock contributed to a charitable organization in the conversion in the calculation of the total offering of conversion shares under subsections (a) and (b) of this section, unless the commissioner objects on supervisory grounds.

(Adopted effective September 7, 2007)

Sec. 36a-136-30. Imposition of purchase limitations by the converting institution

(a) The converting institution may limit the number of shares that any person, group of associated persons or persons otherwise acting in concert may subscribe to between one per cent and five per cent of the total stock sold.

(b) If the converting institution sets a limit of five per cent under subsection (a) of this section, it may modify that limit with the commissioner's approval to provide that any person, group of associated persons or persons otherwise acting in concert subscribing for five per cent, may purchase between five and ten per cent as long as the aggregate amount that the subscribers purchase does not exceed ten per cent of the total stock offering.

(c) The converting institution may require persons exercising subscription rights to purchase a minimum number of conversion shares. The minimum number of shares shall equal the lesser of the number of shares obtained by a five hundred dollar subscription or twenty-five shares.

(d) In setting purchase limitations under this section, the converting institution shall not aggregate conversion shares attributed to a person in its tax-qualified employee stock ownership plan with shares purchased directly by, or otherwise attributable to, that person.

(Adopted effective September 7, 2007)

Sec. 36a-136-31. Purchase preference for persons in the local community

(a) In its subscription offering, the converting institution may give purchase preference to eligible account holders, supplemental eligible account holders and, in the case of a mutual savings and loan association, other depositors residing in its local community.

(b) In its community offering, the converting institution shall give a purchase preference to natural persons residing in its local community.

(Adopted effective September 7, 2007)

Sec. 36a-136-32. Other conditions applicable to the offering of conversion shares in a community offering, a public offering or both

(a) The converting institution shall offer and sell its stock to achieve a widespread distribution of the stock.

(b) If the converting institution offers shares in a community offering, a public offering or both, the converting institution shall first fill orders for its stock up to a maximum of two per cent of the conversion stock on a basis that will promote a widespread distribution of stock. Any remaining shares shall be allocated on an equal number of shares per order basis until all orders are filled.

(Adopted effective September 7, 2007)

Sec. 36a-136-33. Completion of sale of stock

(a) All sales of stock shall be completed not later than forty-five calendar days after the last day of the subscription period, unless the offering is extended under subsection (b) of this section.

(b) Upon written request by the converting institution, the commissioner may grant extensions of time to sell the shares. The commissioner shall not grant any single extension for more than ninety days. If the commissioner grants such request, the converting institution shall provide a post-effective amendment to the offering circular under section 36a-136-17 of the Regulations of Connecticut State Agencies to each person who subscribed for or ordered stock. The amendment shall indicate that the commissioner extended the offering period and that each person who subscribed for or ordered stock may increase, decrease or rescind such person's subscription or order within the time remaining in the extension period.

(Adopted effective September 7, 2007)

Sec. 36a-136-34. Completion of conversion

(a) The plan of conversion shall set a date by which the conversion shall be completed. This date shall not be more than twenty-four months from the date that the governing board or, in the case of a mutual savings and loan association, the depositors approve the plan of conversion. The date, once set, shall not be extended by the converting institution without the approval of the commissioner.

(b) The conversion shall be deemed complete on the date that the converting institution accepts the offers for the stock.

(c) Promptly after completion of the conversion, the converting institution shall submit an opinion of counsel that it complied with all laws applicable to the conversion.

(Adopted effective September 7, 2007)

Sec. 36a-136-35. Termination of the conversion

The governing board of the converting institution may terminate the conversion at any time, provided in the case of a mutual savings and loan association: (1) The depositors may terminate the conversion by failing to approve the conversion at the

depositors' meeting, (2) the converting institution may terminate the conversion before the depositors' meeting, or (3) the converting institution may terminate the conversion after the depositors' meeting only if the commissioner concurs.

(Adopted effective September 7, 2007)

Sec. 36a-136-36. Rights of depositors of the converted institution

(a) Each depositor shall have, without payment, a withdrawable deposit account or accounts in the same amount and under the same terms and conditions as their accounts before the conversion.

(b) The converted institution shall provide a liquidation account for each eligible account holder and supplemental eligible account holder under section 36a-136-37 of the Regulations of Connecticut State Agencies.

(Adopted effective September 7, 2007)

Sec. 36a-136-37. Liquidation account

(a) At the time of conversion, the converting institution shall establish a liquidation account. The initial balance of the liquidation account shall be the net worth of the converting institution in the statement of financial condition included in the final offering circular. The liquidation account shall be maintained for a period of ten years subsequent to the conversion. The liquidation account shall not affect the converted institution's net worth. The converting institution shall maintain a sub-account to reflect the interest of each eligible account holder or supplemental eligible account holder. Eligible account holders or supplemental eligible account holders do not retain any voting rights based on their liquidation sub-accounts.

(b) If there is a complete liquidation of a converted bank not later than ten years subsequent to the conversion, the converted institution shall give a liquidation distribution to those eligible account holders and supplemental eligible account holders who hold qualifying deposit accounts from the time of conversion until liquidation. A merger, consolidation or similar combination or transaction with another depository institution is not a liquidation. If the converting institution is involved in such a transaction, the surviving institution shall assume the liquidation account.

(c) The converting institution shall not record the liquidation account in its financial statements and shall disclose the liquidation account in the footnotes to the financial statements.

(d) (1) The converting institution shall determine the initial sub-account balance for a qualifying deposit account held by an eligible account holder by multiplying the initial balance of the liquidation account by the following fraction: The numerator is the qualifying deposit in the qualifying deposit account expressed in dollars on the eligibility record date. The denominator is total qualifying deposits of all eligible account holders on that date.

(2) The converting institution shall determine the initial sub-account balance for a qualifying deposit account held by a supplemental eligible account holder by multiplying the initial balance of the liquidation account by the following fraction: The numerator is the qualifying deposit in the qualifying deposit account expressed in dollars on the supplemental eligibility record date. The denominator is the total qualifying deposits of all supplemental eligible account holders on that date.

(3) If an account holder holds a qualifying deposit account on the eligibility record date and a separate qualifying deposit account on the supplemental eligibility record date, the converting institution shall compute separate sub-accounts for the qualifying deposits in the qualifying deposit account on each record date.

(e) The converting institution shall not increase the initial sub-account balances and shall decrease the initial balance as depositors reduce or close their accounts as follows:

(1) The converting institution shall reduce the balance of an eligible account holder's or supplemental eligible account holder's sub-account if the deposit balance in the account holder's qualifying deposit account at the close of business on any annual closing date, which for purposes of this section is the converting institution's fiscal year end, after the relevant eligibility record date is less than (A) the deposit balance in the account holder's qualifying deposit account at the close of business on any other annual closing date after the relevant eligibility record date; or (B) the qualifying deposits in the account holder's qualifying deposit account on the relevant eligibility record date.

(2) The reduction shall be proportionate to the reduction in the deposit balance.

(3) If the converting institution reduces the balance of a liquidation sub-account, it shall not subsequently increase it if the deposit balance increases.

(4) The converting institution is not required to adjust the liquidation account and sub-account balances at each annual closing date if it maintains sufficient records to make the computations if a liquidation subsequently occurs.

(5) During the period that the converting institution is required to maintain a liquidation account, it shall maintain the liquidation sub-account for each account holder as long as the account holder maintains a qualifying deposit account with the same social security number.

(6) If there is a complete liquidation not later than ten years subsequent to the conversion, the converting institution shall provide each account holder with a liquidation distribution in the amount of the sub-account balance.

(Adopted effective September 7, 2007)

Sec. 36a-136-38. Implementation of a stock option plan or management or employee stock benefit plan

(a) With the approval of commissioner, a converted institution may implement a stock option plan or management or employee stock benefit plan not later than twelve months after the conversion if such institution meets all of the following requirements:

(1) It disclosed the plans in its proxy statement and offering circular and indicated in the offering circular that there would be a separate vote on the plans at least six months after the conversion;

(2) It does not grant stock options under its stock option plan in excess of ten per cent of the shares issued in the conversion;

(3) It does not permit the management stock benefit plans, in the aggregate, to hold more than three per cent of the shares issued in the conversion, provided if it has tangible capital of ten per cent or more following the conversion, the commissioner may permit it to establish a management stock benefit plan that holds up to four per cent of the shares issued in the conversion;

(4) It does not permit any tax-qualified employee stock benefit plan and management stock benefit plan, in the aggregate, to hold more than ten per cent of the shares issued in the conversion, provided if it has tangible capital of ten per cent or more following the conversion, the commissioner may permit the tax-qualified employee stock benefit plans and management stock benefit plans, in the aggregate, to hold up to twelve per cent of the shares issued in the conversion;

(5) No individual receives more than twenty-five per cent of the shares under any plan;

(6) Directors who are not employees do not receive more than five per cent of the shares of any plan individually or thirty per cent of the shares of any plan in the aggregate;

(7) Shareholders approve each plan by a majority of the total votes eligible to be cast at a duly called meeting before establishment or implementation of the plan. The converted institution shall not hold such meeting until at least six months after the conversion;

(8) Any proxies or related material distributed to shareholders in connection with the vote on a plan state that the plan complies with Connecticut statutes and regulations and that the commissioner does not endorse or approve the plan in any way. The converted institution shall not make any written or oral representation to the contrary;

(9) The converted institution does not grant stock options at less than the market price at the time such options are granted;

(10) The converted institution does not use stock issued at the time of conversion to fund management or employee stock benefit plans;

(11) The plan does not begin to vest earlier than one year after the shareholders approve the plan and does not vest at a rate exceeding twenty per cent per year;

(12) The plan permits accelerated vesting only for disability or death or if there is a change of control; and

(13) The plan provides that officers or directors shall exercise or forfeit their options if the institution becomes critically undercapitalized under applicable federal law, is subject to an enforcement action by the commissioner or receives a capital directive from the commissioner.

(b) Not later than five calendar days after the shareholders approve the plan, the converted institution shall file a copy of the approved stock option plan or management or employee stock benefit plan with the commissioner and certify to the commissioner, in writing, that the plan approved by the shareholders is the same plan that the converted institution filed with and disclosed in the proxy materials distributed to shareholders in connection with the vote on the plan.

(c) The converted institution may provide dividend equivalent rights or dividend adjustment rights to allow for stock splits or other adjustments to the stock in stock option plans or management or employee stock benefit plans under this section.

(d) If the plan is amended more than one year following the conversion, any material deviations to the requirements in subsection (a) of this section shall be ratified by the shareholders.

(Adopted effective September 7, 2007)

Sec. 36a-136-39. Restrictions on trading of shares by directors, officers and their associates

(a) Directors and officers who purchase conversion shares shall not sell the shares for one year after the date of purchase, except that the successor in interest of a deceased officer or director may sell the shares. The converting institution shall include notice of such restriction on each certificate of stock that a director or officer purchases during the conversion or receives in connection with a stock dividend, stock split or otherwise with respect to such restricted shares. The converting institution shall instruct its stock transfer agent about the transfer restrictions in this section.

(b) For three years after the conversion, officers, directors and their associates may purchase the converted institution's stock only from a broker-dealer registered under the Connecticut Uniform Securities Act, except that officers, directors and their associates may engage in a negotiated transaction involving more than one

per cent of outstanding stock and may purchase stock through any of the converted institution's management or employee stock benefit plans.

(Adopted effective September 7, 2007)

Sec. 36a-136-40. Repurchase of shares after conversion

(a) A converted institution shall not repurchase its shares if: (A) The repurchase will reduce its regulatory capital below the amount required for the liquidation account under section 36a-136-37 of the Regulations of Connecticut State Agencies; or (B) the repurchase violates section 36a-111 of the Connecticut General Statutes or any other statute, regulation or agreement with or condition imposed by any regulator.

(b) The restrictions on share repurchases apply to a charitable organization under section 36a-136-44 of the Regulations of Connecticut State Agencies. The converted institution shall aggregate purchases of shares by the charitable organization with its repurchases.

(c) (1) A converted institution shall not repurchase its shares in the first year after the conversion, provided such institution may make (A) repurchases in the open market of up to five per cent of its outstanding stock in extraordinary circumstances, (B) repurchases of qualifying shares of a director or pursuant to an offer made to all shareholders, (C) repurchases to fund management recognition plans that have been ratified by shareholders, or (D) repurchases to fund tax-qualified employee stock benefit plans.

(2) Any request for approval of a repurchase of shares pursuant to section 36a-111 of the Connecticut General Statutes during the first year following conversion shall include (A) the purpose of the repurchases, (B) if applicable, an explanation of the extraordinary circumstances necessitating the repurchases, and (C) any other information required by the commissioner.

(Adopted effective September 7, 2007)

Sec. 36a-136-41. Declaration or payments of dividends after conversion

The converting institution may declare or pay a dividend on its shares after the conversion if:

(1) The dividend will not reduce its regulatory capital below the amount required for the liquidation account under section 36a-136-37 of the Regulations of Connecticut State Agencies;

(2) It complies with the requirements of section 36a-110 of the Connecticut General Statutes; and

(3) It does not return any capital, other than ordinary dividends, to purchasers during the term of the business plan submitted with the conversion.

(Adopted effective September 7, 2007)

Sec. 36a-136-42. Acquisition of shares after conversion

(a) For three years after the conversion or such longer period as provided in the certificate of incorporation or plan of conversion, no person may, directly or indirectly, acquire or offer to acquire the beneficial ownership of more than ten per cent of any class of the equity securities of the converted institution without the commissioner's prior written approval. If a person violates this prohibition, the converted institution shall not permit the person to vote shares in excess of ten per cent and shall not count the shares in excess of ten per cent in any shareholder vote.

(b) A person acquires beneficial ownership of more than ten per cent of a class of shares when such person holds any combination of stock or revocable or irrevocable proxies under circumstances that give rise to a conclusive control determination

under 12 CFR 574.4(a) or a rebuttable control determination under 12 CFR 574.4(b). The commissioner will presume that a person has acquired shares if such person entered into a binding written agreement for the transfer of shares. For purposes of this section, an offer is made when it is communicated. An offer does not include non-binding expressions of understanding or letters of intent regarding the terms of a potential acquisition.

(c) Notwithstanding the restrictions in this section:

(1) Subsections (a) and (b) of this section do not apply to any offer with a view toward public resale made solely and exclusively to the converted institution, the underwriters or a selling group acting on the converted institution's behalf;

(2) Unless the commissioner objects in writing, any person may offer or announce an offer to acquire up to one per cent of any class of shares. In computing the one per cent limit, the person shall include all of such person's acquisitions of the same class of shares during the prior twelve months;

(3) A corporation whose ownership is or will be substantially the same as the converted institution's ownership may acquire or offer to acquire more than ten per cent of the common stock if it makes the offer or acquisition more than one year after the conversion; and

(4) One or more of the converted institution's tax-qualified employee stock benefit plans may acquire the shares if the plan or plans do not beneficially own more than twenty-five per cent of any class of the shares in the aggregate.

(d) The commissioner may deny an application under subsection (a) of this section if the proposed acquisition:

(1) Is contrary to the purposes of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies;

(2) Is manipulative or deceptive;

(3) Subverts the fairness of the conversion;

(4) Is likely to injure the converted institution;

(5) Is inconsistent with the converted institution's plan to meet the credit and lending needs of its proposed market area;

(6) Otherwise violates laws or regulations; or

(7) Does not prudently deploy the conversion proceeds.

(Adopted effective September 7, 2007)

Sec. 36a-136-43. Other requirements after conversion

After the conversion, the converted institution shall:

(a) Promptly register its shares under the Securities Exchange Act of 1934, 15 USC 78a et seq., and shall not deregister the shares for three years.

(b) Encourage and assist a market maker to establish and to maintain a market for the shares. A market maker for a security is a dealer who:

(1) Regularly publishes bona fide competitive bid and offer quotations for the security in a recognized inter-dealer quotation system;

(2) Furnishes bona fide competitive bid and offer quotations for the security on request; or

(3) May effect transactions for the security in reasonable quantities at quoted prices with other brokers or dealers.

(c) Use its best efforts to list its shares on a national or regional securities exchange or on the National Association of Securities Dealers Automated Quotation system.

(d) File all post-conversion reports that the commissioner requires.

(Adopted effective September 7, 2007)

Sec. 36a-136-44. Donation of conversion shares or conversion proceeds to a charitable organization

(a) The converted institution may contribute some of its conversion shares or proceeds to a charitable organization if:

(1) The plan of conversion provides for the proposed contribution;

(2) In the case of a converting mutual savings and loan association, the depositors separately approve the proposed contribution by at least a majority of the total eligible votes at the meeting to consider the conversion; and

(3) The Internal Revenue Service either has approved or approves not later than two years after formation the charitable organization as a tax-exempt charitable organization under the Internal Revenue Code.

(b) The converted institution may contribute a reasonable amount of conversion shares or proceeds to a charitable organization if the contribution will not exceed limits for charitable deductions under the Internal Revenue Code and the commissioner does not object on supervisory grounds. If the converted institution is well-capitalized, the commissioner generally will not object if it contributes an aggregate amount of eight per cent or less of the conversion shares or proceeds.

(c) The charitable organization's charter or trust agreement and gift instrument shall provide that:

(1) The charitable organization's primary purpose is to serve and make grants in its local community;

(2) As long as the charitable organization controls shares, it shall vote those shares in the same ratio as all other shares voted on each proposal considered by the shareholders; and

(3) There shall be representation on the charitable organization's governing board or board of trustees from the local community.

(d) Any person who is an officer, director or employee of the converting institution or who otherwise owes a fiduciary duty to the converting institution and who will serve as an officer, director or employee of the charitable organization shall:

(1) Not advance such person's own personal or business interests or those of others with whom such person has a personal or business relationship at the expense of the converted institution; and

(2) If such person has an interest in a matter or transaction before the governing board:

(A) Disclose to the governing board all material nonprivileged information relevant to the governing board's decision on the matter or transaction, including the existence, nature and extent of such person's interests and the facts known to such person as to the matter or transaction under consideration;

(B) Refrain from participating in the governing board's discussion of the matter or transaction; and

(C) Recuse such person from voting on the matter or transaction.

(e) Before the converting institution's governing board may adopt a plan of conversion that includes a charitable organization, the converting institution shall identify its directors that will serve on the charitable organization's board. Such directors shall not participate in the governing board's discussions concerning contributions to the charitable organization and shall not vote on the matter.

(f) The converting institution shall include the following legend in the stock certificates of shares that it contributes to the charitable organization or that the charitable organization otherwise acquires: "The governing board shall consider the shares that this stock certificate represents as voted in the same ratio as all other

shares voted on each proposal considered by the shareholders, as long as the shares are controlled by the charitable organization.”

(g) As long as the charitable organization controls shares, the converting institution shall consider those shares as voted in the same ratio as all of the shares voted on each proposal considered by its shareholders.

(h) The converting institution shall submit to the commissioner a copy of the charitable organization’s conflict of interest policy and the gift instrument for contributions of either stock or cash to the charitable organization, after completion of the stock offering, and a copy of the operating plan not later than six months after completion of the stock offering.

(Adopted effective September 7, 2007)

Sec. 36a-136-45. Formation of a holding company as part of the conversion

The converting institution may convert to stock form as part of a transaction where it organizes a holding company to acquire all of its shares upon their issuance. In such a transaction, the holding company shall offer rights to purchase its shares instead of the converting institution’s shares. Unless clearly inapplicable, all of the requirements of sections 36a-136-1 to 36a-136-46, inclusive, of the Regulations of Connecticut State Agencies shall apply to the holding company as they apply to the converting institution.

(Adopted effective September 7, 2007)

Sec. 36a-136-46. Acquisition of another insured capital stock bank as part of the conversion

When the converting institution converts to stock form, it may acquire for cash or stock another insured depository institution that is already in the stock form of ownership.

(Adopted effective September 7, 2007)

Sec. 36a-136-47. Merger with an existing insured capital stock bank as part of the conversion

A converting institution may convert to stock form by merging with an existing insured capital stock bank as part of a transaction in which the equity securities of the existing insured capital stock bank or the converting institution are issued. In such a transaction in which the existing insured capital stock bank is the surviving institution, the eligible account holders and supplemental eligible account holders of the converting institution shall receive, without payment, nontransferable rights in accordance with section 36a-136-24 of the Regulations of Connecticut State Agencies to purchase the capital stock of the surviving institution in lieu of capital stock of the converting institution. Unless clearly inapplicable, all of the requirements of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies shall apply to a conversion under this section.

(Adopted effective September 7, 2007)

Sec. 36a-136-48. Acquisition by an existing holding company as part of the conversion

(a) A converting institution may convert to stock form as part of a transaction in which an existing holding company acquires upon issuance all the capital stock of the converted institution. In such a transaction, the eligible account holders and supplemental eligible account holders of the converting institution shall receive, without payment, nontransferable rights under section 36a-136-24 of the Regulations of Connecticut State Agencies from the holding company to purchase its capital stock

in lieu of the capital stock of the converting institution. Unless clearly inapplicable, all of the requirements of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies shall apply to a conversion under this subsection.

(b) A converting institution may convert to stock form by merging into an existing insured capital stock bank which is a wholly-owned subsidiary of a holding company. In such a transaction, the eligible account holders and supplemental eligible account holders of the converting institution shall receive, without payment, nontransferable rights under section 36a-136-24 of the Regulations of Connecticut State Agencies from the holding company to purchase its capital stock in lieu of capital stock of the converting institution. Unless clearly inapplicable, all of the requirements of sections 36a-136-1 to 36a-136-48, inclusive, of the Regulations of Connecticut State Agencies shall apply to a conversion under this subsection.

(Adopted effective September 7, 2007)