

CHAPTER 13
BANK HOLDING COMPANIES

Authority

N.J.S.A. 17:1-8, 17:1-8.1, 17:1-15e; 17:9A-8.1 et seq.,
17:9A-382 et seq. and 17:12B-292 et seq.

Source and Effective Date

R.2002 d.244, effective July 3, 2002.
See: 34 N.J.R. 815(a), 34 N.J.R. 2781(a).

Chapter Expiration Date

Chapter 13, Bank Holding Companies, expires on July 3, 2007.

Chapter Historical Note

Chapter 13, Bank Holding Companies, was adopted as Subchapter 1, Bank Holding Company Applications; Subchapter 2, Bank Holding Company Reporting; and Subchapter 3, Bank Holding Company Examinations by R.1986 d.459, and R.1986 d.458, respectively, effective November 17, 1986. See: 18 N.J.R. 1434(a), 18 N.J.R. 1763(a), 18 N.J.R. 2324(a), 18 N.J.R. 2325(a).

Subchapter 4, Determination of Eligibility of Proposed Interstate Acquisition, was adopted as R.1986 d.475, effective December 15, 1986. See: 18 N.J.R. 1982(a), 18 N.J.R. 2441(a), 19 N.J.R. 289(a).

Pursuant to Executive Order No. 66(1978), Chapter 13, Bank Holding Companies, expired on November 17, 1991.

Chapter 13, Bank Holding Companies, was adopted as R.1992 d.40, effective January 21, 1992. See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).

Subchapter, 5, Mutual Savings Bank Holding Companies, was adopted as new rules by R.1994 d.373, effective July 18, 1994. See: 26 N.J.R. 1213(a), 26 N.J.R. 2892(b).

Subchapter 4, Determination of Eligibility of Proposed Interstate Acquisition, was repealed by R.1996 d.483, effective October 7, 1996. See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Pursuant to Executive Order No. 66(1978), Chapter 13, Bank Holding Companies, was readopted as R.1997 d.70, effective January 21, 1997. See: 28 N.J.R. 4831 (a), 29 N.J.R. 547(a).

Chapter 13, Bank Holding Companies, was readopted as R.2002 d.244, effective July 3, 2002. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. BANK HOLDING COMPANY APPLICATIONS

3:13-1.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Affiliate” means any company that controls, is controlled by, or is under common control with another company.

“Bank” shall have the same definition as provided in section 2 of the Federal “Bank Holding Company Act of 1956,” 12 U.S.C. § 1841.

“Bank holding company” has the meaning set forth in subsection (a) of section 2 of the Federal “Bank Holding Company Act of 1956,” 12 U.S.C. § 1841(a) and, unless the context requires otherwise, includes a New Jersey bank holding company, an out-of-State bank holding company and a foreign bank holding company.

“Bank supervisory agency” means any of the following:

1. The Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and any successor to these agencies; and
2. Any agency of another state with primary responsibility for chartering and supervising banks.

“Branch” means an office, unit, station, facility, terminal, space or receptacle at a fixed location other than a principal office, however designated, at which any business that may be conducted in a principal office of a bank or savings bank may be transacted. “Branch office” includes full branch offices, minibranch offices and communication terminal branch offices.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Company" has the meaning set forth in section 2 of the Federal "Bank Holding Company Act of 1956," 12 U.S.C. § 1841.

"Control" of a bank or bank holding company means control as defined in paragraph (2) of subsection (a) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1841(a)(2).

"Foreign bank holding company" means a bank holding company that is organized under the laws of a country other than the United States, including any territory or possession thereof.

"Department" means the New Jersey Department of Banking and Insurance.

"Internal reorganization" means the repositioning of a bank or bank holding company within an affiliated family of entities under common control with no change of the ultimate control.

"New Jersey bank" means a bank that is:

1. Organized under New Jersey law, N.J.S.A. 17:9A-1 et seq.; or
2. Organized under Federal law and having its principal place of business in this State.

"New Jersey bank holding company" means a bank holding company that:

1. Has its principal place of business in this State; and
2. Is not controlled by a bank holding company other than a New Jersey bank holding company.

"Out-of-State bank holding company" means:

1. A bank holding company that is not a New Jersey bank holding company; and
2. Unless the context requires otherwise, includes a foreign bank holding company.

"Person" includes individuals, corporations, associations, societies, firms, partnerships, joint stock companies, trusts and any other group of persons, however organized.

"Subsidiary" shall have the meaning set forth in section 2 of the Federal "Bank Holding Company Act of 1956," 12 U.S.C. § 1841.

"United States" means the United States and includes any of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, and the Virgin Islands.

Recodified from 3:13-1.2 and amended by R.1996 d.483, effective October 7, 1996.

See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Former section, "Scope and purpose", repealed.

Amended by R.1997 d.70, effective February 18, 1997.

See: 28 N.J.R. 4831(a), 29 N.J.R. 547(a).

Added "Department"; and amended "Branch" and "Commissioner".

Amended by R.2003 d.53, effective February 3, 2003.

See: 34 N.J.R. 3152(a), 35 N.J.R. 607(a).

Added "Internal reorganization".

3:13-1.2 Application

(a) An application, except as provided in (e) below, to acquire a New Jersey bank or New Jersey bank holding company shall contain the following information on a form provided by the Department:

1. The name and location of the person proposing to acquire the New Jersey bank or New Jersey bank holding company;
2. The name and location of the New Jersey bank or New Jersey bank holding company;
3. Certified copies of:
 - i. The board resolution of the person authorizing the proposed acquisition of the New Jersey bank or New Jersey bank holding company; and
 - ii. The board resolution of the New Jersey bank or New Jersey bank holding company being acquired approving the proposed acquisition, when such approval has been adopted;
4. A list of any New Jersey banks affiliated with the applicant;
5. If an out-of-State bank holding company, proof that the applicant has complied with or is exempted from the requirements of N.J.S.A. 14A:13-3 and 4 requiring registration by foreign corporations doing business in this State; and
6. An application fee of \$1,000.

(b) Upon receipt of a completed application, the Department shall send notice to the applicant, shall post the notice on the Department's website at www.njdoabi.org and shall send notice to the New Jersey Bankers Association, the New Jersey League of Community Bankers, and/or their successor organizations, if any, for publication in their weekly bulletins.

(c) The applicant shall publish notice of the application in a newspaper of general circulation which is published and circulated in the municipality in which the principal place of business is located.

(d) The notices required by (b) and (c) above shall contain the following:

1. The name and mailing address of the applicant;
2. A brief statement of the nature of the application;

3. The name and address of the New Jersey Bank or New Jersey Bank Holding Company to be acquired; and
4. The date the Department accepted the application.

(e) An application involving only an internal reorganization shall be required to contain only the information listed in (a)1 and 2 above. The application may be submitted in letter form and shall be deemed to be approved 10 days from receipt by the Department unless the Department notifies the applicant otherwise. In evaluating an application, the Commissioner shall disapprove the application if, in his or her judgement, the internal reorganization negatively affects the safety and soundness of the bank, bank holding company or any affiliate.

New Rule, R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Former N.J.A.C. 3:13-1.2. "Definitions", recodified to 3:13-1.1.
Amended by R.1997 d.70, effective February 18, 1997.
See: 28 N.J.R. 4831(a), 29 N.J.R. 547(a).
Amended by R.2002 d.244, effective August 5, 2002.
See: 34 N.J.R. 815(a), 34 N.J.R. 2781(a).

Rewrote (b).
Amended by R.2003 d.53, effective February 3, 2003.
See: 34 N.J.R. 3152(a), 35 N.J.R. 607(a).

In (a), substituted "except as provided in (e) below" for "by a person" and inserted "information on a form provided by the Department" following "following" in the introductory paragraph, deleted 1, recodified existing 2 through 4 as 1 through 3 and 5 through 7 as 4 through 6; added (e).

Amended by R.2004 d.50, effective February 2, 2004.
See: 35 N.J.R. 4350(a), 36 N.J.R. 647(a).

In (b), inserted a reference to the Department's website.

3:13-1.3 (Reserved)

Amended by R.1992 d.40, effective January 21, 1992.
See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).

Deleted (a); redesignated (b)-(c) as (a)-(b) without change.
Repealed by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Section was "Initial registration".

3:13-1.4 (Reserved)

Repealed by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Section was "Annual registration".

3:13-1.5 (Reserved)

Repealed by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Section was "Notification of change".

3:13-1.6 (Reserved)

Repealed by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Section was "Registration fee".

SUBCHAPTER 2. BANK HOLDING COMPANY REPORTING

3:13-2.1 Purpose and scope

This subchapter requires filing of financial reports by all persons or companies controlling New Jersey banks or New

Jersey bank holding companies. This subchapter will enable the Commissioner to monitor the activities of individuals and companies that control New Jersey banks or New Jersey bank holding companies.

Amended by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

3:13-2.2 Definitions

The words and terms defined at N.J.A.C. 3:13-1.1 when used in this subchapter, shall have the meanings set forth in N.J.A.C. 3:13-1.1, unless the context clearly indicates otherwise.

New Rule, R.1992 d.40, effective January 21, 1992.
See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).

Old section 3:13-2.2, "Reporting for bank holding companies", recodified to 3:13-2.3 without change.
Amended by R.1996 d.483, effective October 7, 1996.
See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

3:13-2.3 Reporting for bank holding companies

(a) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-9C entitled "Consolidated Financial Statements for Bank Holding Companies with total consolidated assets of \$150,000,000 or more or with more than one subsidiary bank," shall concurrently file a copy of its June 30 and December 31 report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted reports.

(b) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-9LP entitled "Parent Company Only Financial Statements for Bank Holding Companies with total consolidated assets of \$150,000,000 or more with more than one subsidiary bank" shall concurrently file a copy of its June 30 and December 31 report with the Commissioner. A \$50.00 filing fee shall accompany the submitted report.

(c) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-9SP entitled "Parent Company Only Financial Statements for One Bank Holding Company with total consolidated assets of less than \$150,000,000" shall concurrently file a copy of this report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted report.

(d) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-6 entitled "Annual Report of Bank Holding Companies" shall concurrently file a copy of this report with the Commissioner. The copy of FR Y-6 filed with the Commissioner shall include the required copy of the bank holding company's annual report to shareholders or the required copy of form 10K to the Securities and Exchange

Commission. A filing fee of \$100.00 shall accompany the submitted report.

(e) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-6A entitled "Bank Holding Company Report Changes in Investments or Activities" shall concurrently file a copy of this report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted report.

(f) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-11I entitled "Annual Report of Selected Financial Data for Non-Bank Subsidiaries of Bank Holding Companies" shall concurrently file a copy of this report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted report.

(g) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-11Q entitled "Combined Federal Statement of Non-Bank Subsidiaries of Bank Holding Companies" shall concurrently file a copy of its June 30 and December 31 report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted report.

(h) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is required to file with the Federal Reserve System form FR Y-11AS entitled "Annual Supplement to the Combined Financial Statements of Non-Bank Subsidiaries of Bank Holding Companies" shall concurrently file a copy of this report with the Commissioner. A filing fee of \$50.00 shall accompany the submitted report.

(i) Each bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company which is not required to file with the Federal Reserve System shall:

1. If the bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company is required to file a form 10K with the Securities and Exchange Commission, the bank holding company shall concurrently file a copy of this report with the Commissioner; or

2. If the bank holding company or person that controls a New Jersey bank or a New Jersey bank holding company is not required to file a form 10K with the Securities and Exchange Commission, the bank holding company shall annually, on or before April 30 of each year, file with the Commissioner the following information on forms provided by the Department:

- i. Name and address of the company;
- ii. Names and addresses of principal officers;
- iii. Names and addresses of controlling shareholders of the company;

iv. A summary of material business activities and affiliations during the past five years;

v. A description of pending legal or administrative proceedings in which the company is a party; and

vi. A statement of assets and liabilities of the company for each of the five preceding fiscal years, together with related statements of income and sources and applications of funds for each of those fiscal years; and

3. Submit a filing fee of \$100.00 with the filed report.

Amended by R.1988 d.149, effective April 4, 1988.

See: 20 N.J.R. 127(b), 20 N.J.R. 777(a).

In (a), (b) and (g), specified June 30 and December 31 reports.

Recodified from 3:13-2.2 by R.1992 d.40, effective January 21, 1992.

See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).

Amended by R.1997 d.70, effective February 18, 1997.

See: 28 N.J.R. 4831(a), 29 N.J.R. 547(a).

Inserted references to a person controlling a New Jersey Bank or bank holding company throughout.

3:13-2.4 Reporting for persons other than bank holding companies

(a) Each person who controls a New Jersey bank or New Jersey bank holding company that does not file a report with any other bank supervisory agency shall annually file with the Commissioner, on or before April 30 of each year, the following information on forms provided by the Department:

1. Name and address of the person;

2. A resume of material business activities and affiliations during the past five years;

3. A description of pending legal or administrative proceedings in which the person is a party and any criminal indictment or conviction of the individual issued by a state or federal court;

4. A statement of assets and liabilities of the person for each of the five preceding fiscal years, together with related statements of income and sources and applications of funds for each of those fiscal years; and

5. A filing fee of \$100.00.

Recodified from 3:13-2.3 by R.1992 d.40, effective January 21, 1992.

See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).

Amended by R.1996 d.483, effective October 7, 1996.

See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).

Amended by R.1997 d.70, effective February 18, 1997.

See: 28 N.J.R. 4831(a), 29 N.J.R. 547(a).

SUBCHAPTER 3. BANK HOLDING COMPANY EXAMINATIONS

3:13-3.1 Examination charges

The Commissioner may examine any company which controls a New Jersey bank or New Jersey bank holding company, and shall charge for such an examination an individual per hour per examiner charge plus a per day travel expense charge in amounts set forth in N.J.A.C. 3:1-6.6.

Amended by R.1992 d.40, effective January 21, 1992.
 See: 23 N.J.R. 2904(a), 24 N.J.R. 229(a).
 Revised text; section was "Purpose and scope".
 Amended by R.1996 d.483, effective October 7, 1996.
 See: 28 N.J.R. 2661(a), 28 N.J.R. 4417(b).
 Amended by R.2002 d.244, effective August 5, 2002.
 See: 34 N.J.R. 815(a), 34 N.J.R. 2781(a).
 Rewrote the section.

Section was "Per diem per person examination charge".

3:13-3.2 (Reserved)

Emergency Amendment, R.1989 d.407, effective July 3, 1989 (expired September 1, 1989).
 See: 21 N.J.R. 1986(a), 21 N.J.R. 2398(a).
 Per diem changed to \$260.00.
 Adopted Concurrent Proposal, R.1989 d.510, effective August 31, 1989.
 See: 21 N.J.R. 2398(a), 21 N.J.R. 3082(a).
 Provisions of emergency amendment R.1989 d.407 readopted without change.
 Repealed by R.1991 d.195, effective April 15, 1991.
 See: 23 N.J.R. 254(a), 23 N.J.R. 1125(a).

SUBCHAPTER 4. (RESERVED)

SUBCHAPTER 5. MUTUAL SAVINGS BANK HOLDING COMPANIES

3:13-5.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

"Board of directors" may be used to mean "board of managers."

"Capital stock savings bank" means any savings bank chartered pursuant to the provisions of P.L. 1982, c.9 (N.J.S.A. 17:9A-8.1 et seq.).

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the New Jersey Department of Banking and Insurance.

"Director" may be used to mean "manager" or "trustee."

"Organizing mutual savings bank" means a mutual savings bank which has its principal office of business in this State, the board of directors of which propose to form a mutual savings bank pursuant to this subchapter.

"Mutual savings bank holding company" means a mutual savings bank holding company formed pursuant to N.J.S.A. 17:9A-382 et seq., which has its principal office of business in this State.

"Subsidiary capital stock savings bank" means a capital stock savings bank which has been incorporated by the directors of a mutual savings bank holding company, a majority of the stock of which subsidiary capital stock savings bank is held by a mutual savings bank holding company.

Amended by R.1997 d.70, effective February 18, 1997.
See: 28 N.J.R. 4831(a), 29 N.J.R. 547(a).

Amended "Commissioner" and "Department".

3:13-5.2 Formation of mutual savings bank holding company

(a) The board of directors of an organizing mutual savings bank may apply to the Commissioner to form a mutual savings bank holding company in any of the following ways:

1. Plan 1: The board of directors may apply to incorporate a mutual savings bank holding company, transfer a portion of the organizing mutual savings bank's assets to the holding company, and then convert the organizing mutual savings bank to a subsidiary capital stock savings bank;

2. Plan 2: The board of directors may apply to incorporate a mutual savings bank holding company, form a subsidiary capital stock savings bank, and either merge the organizing mutual savings bank into the subsidiary capital stock savings bank or sell or transfer the assets and liabilities of the organizing mutual savings bank to the subsidiary capital stock savings bank and liquidate the organizing mutual savings bank;

3. Plan 3: The board of directors may apply to form a mutual savings bank holding company by incorporating a subsidiary capital stock savings bank, and by transferring a

substantial part of the assets and liabilities of the organizing mutual savings bank to the newly formed subsidiary capital stock savings bank in return for a majority of its capital stock; or

4. Any other method of reorganization approved by the Commissioner.

3:13-5.3 Application

(a) The board of directors of an organizing mutual savings bank may apply to form a mutual savings bank holding company by submitting the following to the Commissioner:

1. A description of the proposed formation of the mutual savings bank holding company;

2. A certified copy of the resolution of the board of directors of the organizing mutual savings bank authorizing the application by a two-third vote of the board;

3. A certificate of incorporation for the mutual savings bank holding company containing:

i. The name by which the mutual savings bank holding company shall be known;

ii. The street, street number, and municipality where the principal office of the mutual savings bank holding company is to be located;

iii. The names and addresses of the directors of the organizing mutual savings bank;

iv. The number of directors of the mutual savings bank holding company;

v. The names of persons who are to act as directors of the mutual savings bank holding company until their successors are elected and qualified;

vi. The amount of capital deposits and surplus which are to be transferred from the organizing mutual savings bank to the mutual savings bank holding company;

vii. A provision allowing for the retention of any interests of the respective depositors of the organizing mutual savings bank in the assets of the organizing mutual savings bank, according to a fair valuation, including assets which are proposed to be transferred from the organizing mutual savings bank to the mutual savings bank holding company; and

viii. A provision providing for the establishment of a liquidation account;

4. Biographical statements for each director of the subsidiary capital stock savings bank and mutual savings bank holding company;

5. A completed form from the New Jersey State Police requesting criminal history record information for each director for the subsidiary capital stock savings bank and mutual savings bank holding company;

6. Proposed by-laws of the subsidiary capital stock savings;

7. A business plan for the mutual savings bank holding company and subsidiary capital stock savings bank;

8. A copy of any applications for establishment of a mutual savings bank holding company filed with any Federal regulator; and

9. An application fee of \$10,000.

(b) Within 60 days after its execution, the directors shall submit a certificate of incorporation for any subsidiary capital stock savings bank setting forth the following:

1. The name by which the subsidiary capital stock savings bank shall be known;

2. The street, street number and municipality in which the principal office of the subsidiary capital stock savings bank is to be located;

3. The names and addresses of the directors of the mutual savings bank holding company who will be the incorporators of the subsidiary capital stock savings bank;

4. The number of directors on the board of directors;

5. The names of the persons who will serve as directors until their successors are elected and qualified;

6. The amount of capital stock, the number or shares into which it is divided, and the par value of each share, not less than a majority of the total outstanding shares of which will be held in the name of the mutual savings bank holding company; and

7. The amount of surplus with which the subsidiary capital stock savings bank will commence business.

(c) Along with the certificate of incorporation, each incorporator of the subsidiary capital stock savings bank shall submit an affidavit setting forth the following:

1. That no fee, commission, or other compensation has been paid, directly or indirectly, by the mutual savings bank holding company or by the subsidiary capital stock savings bank in the course of organizing the subsidiary capital stock savings bank, and that no promotion fees or charges have been provided or are contemplated;

2. A complete disclosure of all fees paid or agreed to be paid in the matter of chartering and organizing the proposed subsidiary capital stock savings bank;

3. That at least a majority of the shares of the authorized stock of the subsidiary capital stock savings bank is held by the mutual savings bank holding company; and

4. That the subsidiary capital stock savings bank proposes to either:

i. Merge with the organizing mutual savings bank;

ii. Purchase the assets of the organizing mutual savings bank; or

iii. Receive the assets and liabilities of the organizing mutual savings bank.

(d) Within 10 days after the date upon which a completed application is filed with the Commissioner, the applicant shall cause to be published a notice of application containing:

1. The name and address of the applicant;

2. A brief statement of the nature of the application; and

3. A statement advising that objections to the application can be filed with the New Jersey Commissioner of Banking, along with the address of the Commissioner.

3:13-5.4 Approval of application

(a) The Commission shall approve the application for a mutual savings bank holding company upon a finding of the following factors:

1. The establishment of a mutual savings bank holding company is in the best interests of the depositors of the mutual savings bank;

2. The qualifications, experience and character of the proposed officers and directors of the mutual savings bank holding company are sufficient to result in the successful operation of the mutual savings bank holding company;

3. The interests of the public will be served by the establishment of a mutual savings bank holding company;

4. The mutual savings bank holding company is adequately capitalized; and

5. The establishment of the mutual savings bank holding company meets the requirements of law.

(b) The Commissioner shall approve the charter application of a subsidiary capital stock savings bank filed with an application for a mutual savings bank holding company upon a finding of the following factors:

1. The qualifications, experience and character of the proposed officers and directors of the subsidiary capital stock savings bank are sufficient to result in the successful operation of the subsidiary capital stock savings bank;

2. The interests of the public will be served by the establishment of the subsidiary capital stock savings bank; and

3. The capital stock of the subsidiary capital stock savings bank is in accordance with the amount required for banks pursuant to N.J.S.A. 17:9A-4.

3:13-5.5 Board of directors

(a) The board of directors of a mutual savings bank holding company shall be managed by a board of not less than six nor more than 21 directors.

(b) Directors of a mutual savings bank holding company shall be elected by a plurality of the members of the board

of the mutual savings bank holding company at the annual meeting for a term of up to three years, as provided in the by-laws.

(c) A vacancy on the board of directors may be filled by a plurality of the members of the board of directors for the remainder of the unexpired term. If the board fails to fill a vacancy for one year, the Commissioner may appoint a member to the board.

(d) Directors of a mutual savings bank holding company may be paid reasonable compensation. The compensation paid to directors shall be fixed by a majority vote of the board. The Commissioner may direct that the amount of compensation paid to directors be reduced if it is deemed to be excessive. The Commissioner shall consider the duties, experience, education and responsibilities of the director, and any other relevant factors, when making this determination.

3:13-5.6 Officers

(a) The board of directors of a mutual savings bank holding company at the first meeting following each annual meeting may elect a Chairman of the Board and shall elect a President, both of whom shall be directors. The board of directors shall select the Chairman of the Board, President or another officer who is a director to be the chief executive officer. The board of directors shall also appoint a Secretary and a Treasurer, neither of whom need be directors.

(b) A mutual savings bank holding company may pay its officers any reasonable compensation as may be from time to time fixed by the board of directors. The Commissioner may direct that the amount of compensation paid to officers be reduced if it is deemed to be excessive. The Commissioner shall consider the duties, experience, education and responsibilities of the officer, and any other relevant factors, when making this determination.

3:13-5.7 Division of surplus

(a) The board of a mutual savings bank holding company may, by a majority vote of the directors, divide any surplus which is in excess of the amount required for the operations of the mutual savings bank holding company and which is not necessary to maintain the safety and soundness of the mutual savings bank holding company, and may distribute this surplus to the depositors of its subsidiary capital stock savings bank or banks. All such distributions shall be made equitably based on the amount deposited by each depositor in the subsidiary capital stock savings bank or banks.

(b) The Commissioner may, if he or she deems the surplus held by a mutual savings bank holding company to be excessive, either upon petition or on the Commissioner's own initiative, order the savings bank holding company to distribute the surplus to the depositors of its subsidiary capital stock savings bank or banks.