

THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS

1000 Washington Street, 10th Floor, Boston, Massachusetts 02118

CHARLES D. BAKER
GOVERNOR

DAVID J. COTNEY
COMMISSIONER OF BANKS

April 7, 2015

To the Chief Executive Officer Addressed:

As you are aware, the statutes governing banking in the Commonwealth of Massachusetts are updated and modernized significantly effective today, April 7, 2015. Chapter 482 of the Acts of 2014, *An Act Modernizing the Banking Laws and Enhancing the Competitiveness of State-Chartered Banks (Act)*, was signed into law on January 7, 2015. The passage of this legislation is the result of major efforts by the Massachusetts Bankers Association (Association) as well as many bankers and attorneys who worked tirelessly to ensure that the statutory framework governing the Commonwealth's banking industry was updated, streamlined, and enhances the ability of state-chartered banks to compete in today's environment. In fact, this law represents the first major overhaul of Massachusetts banking statutes in over 30 years.

While the work that went into the passage of the law was extensive, much of the effort to implement these comprehensive changes has just begun and will continue into the next several weeks and months ahead. The Division of Banks (Division) will continue to work, both independently and closely with the Association, to take the necessary measures to implement the wide variety of provisions contained in the law.

In broad terms, the law provides regulatory relief to financial institutions, grants banks additional powers, allows additional authority for corporate transactions, increases corporate governance flexibility, and aims to streamline compliance requirements by deeming compliance with certain comparable federal laws sufficient. The law also provides authority for the Division to establish a tiered regulatory system and an altered examination schedule to reduce burden and costs associated with examinations, repeals certain chapters from the General Laws, eliminates other outdated sections, and makes several technical changes.

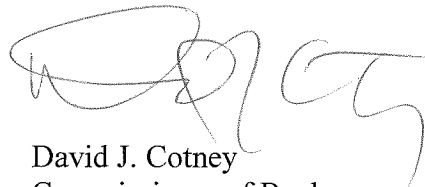
Few new regulations are mandated by the Act; however, the law will require the Division to repeal two regulations and potentially amend four other regulations. Likewise, at least seven of the Division's regulatory bulletins are affected by the Act. As expected, attention will first be directed towards those measures that will have an immediate impact. Furthermore, implementing required updates to certain examination procedures for the Division's examiners in

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the field is a priority. In addition, changes to at least four laws which permit banks to provide notice, rather than obtain the Division's approval, to engage in certain activities (i.e. investing in subsidiary or exercising Parity Powers), will be addressed by the Division in the near term. Additional longer-term efforts are envisioned to put several other aspects of the Act into place, such as the potential establishment of a tiered regulatory examination structure, which, if implemented, will require consultation and coordination with federal agencies.

While the Association and others have prepared an extensive amount of materials summarizing and outlining the Act, as well as held a variety of events covering how its passage impacts the Massachusetts banking industry, I encourage you to read the Act closely and familiarize yourself with its many provisions. I am confident that the modernization of the banking statutes will benefit your bank significantly by expanding authorities, increasing flexibility, and reducing regulatory burden.

Sincerely,



David J. Cotney
Commissioner of Banks