

113TH CONGRESS
2D SESSION

H. R. 4252

To amend the Federal Deposit Insurance Act to allow mutual capital certificates to satisfy capital requirements for mutual depositories, to amend the Revised Statutes of the United States to establish mutual national banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2014

Mr. ROTHFUS introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act to allow mutual capital certificates to satisfy capital requirements for mutual depositories, to amend the Revised Statutes of the United States to establish mutual national banks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mutual Bank Choice
5 and Continuity Act of 2014”.

1 **SEC. 2. TREATMENT OF MUTUAL CAPITAL CERTIFICATES.**

2 (a) IN GENERAL.—Section 38 of the Federal Deposit
3 Insurance Act (12 U.S.C. 1831o) is amended—

4 (1) in subsection (b)(2)—

5 (A) by redesignating subparagraphs (F)
6 through (I) as subparagraphs (H) through (K),
7 respectively; and

8 (B) by inserting after subparagraph (E)
9 the following new subparagraphs:

10 “(F) MUTUAL CAPITAL CERTIFICATE.—

11 The term ‘mutual capital certificate’ means a
12 financial instrument issued by a mutual deposi-
13 tory pursuant to subsection (c)(1)(C) that—

14 “(i) is subordinate to all claims
15 against such mutual depository;

16 “(ii) is unsecured by the assets of
17 such mutual depository;

18 “(iii) does not permit preemptive
19 rights;

20 “(iv) does not provide voting or mem-
21 ber rights to the holder unless the board of
22 directors of such mutual depository pro-
23 poses to change the specific terms of any
24 class of such certificates in a manner ad-
25 verse to the interests of the holder;

1 “(v) is not eligible for use as collateral
2 for any loan made by such mutual deposi-
3 tory;

4 “(vi) if declared by the board of direc-
5 tors of such mutual depository, entitles the
6 holder to a payment of fixed, variable, or
7 participating dividends; and

8 “(vii) is not redeemable until the date
9 that is 5 years after the date of issuance,
10 except in the case of merger, conversion, or
11 consolidation of such mutual depository, or
12 reorganization of such mutual depository
13 into a mutual holding company or a Fed-
14 eral mutual bank holding company (as
15 such term is defined in section 5133A(a)
16 of the Revised Statutes of the United
17 States).

18 “(G) MUTUAL DEPOSITORY.—The term
19 ‘mutual depository’ means an insured deposi-
20 tory institution operating in a non-stock form,
21 including a Federal non-stock depository and
22 any form of non-stock depository provided for
23 under State law, the deposits of which are in-
24 sured by an instrumentality of the Federal Gov-
25 ernment.”; and

1 (2) in subsection (c)(1)—

2 (A) in subparagraph (A), by inserting
 3 “and subparagraph (C)” after “subparagraph
 4 (B)(ii)”; and

5 (B) by inserting after subparagraph (B)
 6 the following new subparagraph:

7 “(C) MUTUAL CAPITAL CERTIFICATES.—A
 8 mutual depository is authorized to issue mutual
 9 capital certificates that shall qualify as common
 10 equity Tier 1 capital (as such term is defined
 11 by the appropriate Federal banking agency) for
 12 purposes of any capital requirements mandated
 13 by any Federal law or regulation.”.

14 (b) REGULATIONS.—Not later than 180 days after
 15 the date of enactment of this section, the appropriate Fed-
 16 eral banking agencies shall jointly issue regulations to im-
 17 plement this section.

18 **SEC. 3. CHARTERING MUTUAL NATIONAL BANKS AND ES-**
 19 **TABLISHING FEDERAL MUTUAL BANK HOLD-**
 20 **ING COMPANIES.**

21 (a) IN GENERAL.—Chapter 1 of title LXII of the Re-
 22 vised Statutes of the United States (12 U.S.C. 21 et seq.)
 23 is amended by inserting after section 5133 the following
 24 new sections:

1 **“SEC. 5133A. MUTUAL NATIONAL BANKS.**

2 “(a) DEFINITIONS.—In this section and in section
3 5133B the following definitions shall apply:

4 “(1) APPROPRIATE FEDERAL BANKING AGEN-
5 CY.—The term ‘appropriate Federal banking agency’
6 has the meaning given such term in section 3 of the
7 Federal Deposit Insurance Act (12 U.S.C. 1813).

8 “(2) DEPOSITORY INSTITUTION SUBSIDIARY.—
9 The term ‘depository institution subsidiary’ means
10 an insured depository institution that is a subsidiary
11 (as such term is defined in section 3 of the Federal
12 Deposit Insurance Act (12 U.S.C. 1813)) of a Fed-
13 eral mutual bank holding company.

14 “(3) INSURED DEPOSITORY INSTITUTION.—The
15 term ‘insured depository institution’ has the mean-
16 ing given such term in section 3 of the Federal De-
17 posit Insurance Act (12 U.S.C. 1813).

18 “(4) FEDERAL MUTUAL BANK HOLDING COM-
19 PANY.—The term ‘Federal mutual bank holding
20 company’ means a bank holding company operating
21 in mutual form organized under section 5133B that
22 owns, directly or indirectly, a majority of the shares
23 of voting stock of each depository institution sub-
24 sidiary.

25 “(5) MODIFICATION OF A FEDERAL MUTUAL
26 BANK HOLDING COMPANY.—The term ‘modification

1 of a Federal mutual bank holding company’
2 means—

3 “(A) the sale of shares of common or pre-
4 ferred stock in a depository institution sub-
5 sidiary to any party other than the parent Fed-
6 eral mutual bank holding company of such de-
7 pository institution subsidiary or a wholly
8 owned subsidiary of that parent;

9 “(B) the voluntary grant of a lien on
10 shares of common or preferred stock in a de-
11 pository institution subsidiary; or

12 “(C) any action that affects the corporate
13 structure of the Federal mutual bank holding
14 company and materially impacts the rights of
15 its members.

16 “(6) MUTUAL CAPITAL CERTIFICATE.—The
17 term ‘mutual capital certificate’ has the meaning
18 given such term in section 38(b)(2) of the Federal
19 Deposit Insurance Act (12 U.S.C. 1831o(b)(2)).

20 “(7) MUTUAL DEPOSITORY.—The term ‘mutual
21 depository’ means an insured depository institution
22 operating in a non-stock form, including a Federal
23 non-stock depository and any form of non-stock de-
24 pository provided for under State law, the deposits

1 of which are insured by an instrumentality of the
2 Federal Government.

3 “(8) MUTUAL NATIONAL BANK.—The term
4 ‘mutual national bank’ means a mutual depository
5 chartered by the Comptroller of the Currency under
6 this section.

7 “(9) MUTUALITY.—The term ‘mutuality’ means
8 the quality of being an insured depository institution
9 organized under a Federal or State law providing for
10 the organization of non-stock depository institutions,
11 or a holding company organized under a Federal or
12 State law providing for the organization of non-stock
13 entities that control one or more depository institu-
14 tions.

15 “(10) NATIONAL BANK.—The term ‘national
16 bank’ means a banking association organized pursu-
17 ant to section 5133.

18 “(11) MUTUAL MEMBER.—The term ‘mutual
19 member’ means each tax liable depositor in a mutual
20 depository’s savings, demand, or other authorized
21 depository accounts who is not a prior charter mem-
22 ber.

23 “(12) PRIOR CHARTER MEMBER.—The term
24 ‘prior charter member’ means each tax liable deposi-
25 tor in a mutual national bank that maintains under

1 its prior mutual depository charter pursuant to sub-
2 section (d)(1)(B).

3 “(13) STATE BANK.—The term ‘State bank’
4 has the meaning given such term in section 3 of the
5 Federal Deposit Insurance Act (12 U.S.C. 1813).

6 “(14) TAX LIABLE DEPOSITOR.—The term ‘tax
7 liable depositor’ means the single person responsible
8 for paying any Federal taxes due on any interest
9 paid on any deposits held within any savings, de-
10 mand, or other authorized depository account.

11 “(b) CHARTERING MUTUAL NATIONAL BANKS.—
12 Notwithstanding the provision designated the ‘Third’ of
13 section 5134, in order to establish mutual institutions op-
14 erating in non-stock form for the deposit of funds, the ex-
15 tension of credit, and provision of other services, the
16 Comptroller of the Currency may charter mutual national
17 banks either de novo or through a conversion of any in-
18 sured depository institution or any insured credit union
19 (as such term is defined in section 101 of the Federal
20 Credit Union Act (12 U.S.C. 1752)), subject to regula-
21 tions prescribed by the Comptroller of the Currency in ac-
22 cordance with this section. The powers conferred by this
23 section are intended to provide for the creation and main-
24 tenance of mutual national banks as bodies corporate ex-

1 isting in perpetuity for the benefit of their depositors and
2 the communities in which they operate.

3 “(c) REGULATIONS.—

4 “(1) REGULATIONS OF THE COMPTROLLER.—

5 The Comptroller of the Currency is authorized to
6 prescribe appropriate regulations for the organiza-
7 tion, incorporation, examination, operation, and reg-
8 ulation of mutual national banks.

9 “(2) APPLICABILITY OF CAPITAL STOCK RE-
10 QUIREMENTS.—The Comptroller of the Currency
11 shall prescribe regulations applicable to mutual na-
12 tional banks regarding the requirements of this title
13 with respect to capital stock and the limitations im-
14 posed on national banks under this title based on
15 capital stock.

16 “(d) CONVERSIONS.—

17 “(1) CONVERSION OF A MUTUAL DEPOSITORY
18 TO A MUTUAL NATIONAL BANK.—Subject to such
19 regulations as the Comptroller of the Currency may
20 prescribe, a mutual depository that elects to convert
21 to a mutual national bank shall submit to the Comp-
22 troller of the Currency a notice of its election to con-
23 vert on a specified date that is on or after the date
24 that is 30 days after the date on which the notice
25 is filed.

1 “(A) CHARTER.—The mutual depository
2 shall be converted to a mutual national bank
3 and the Comptroller of the Currency shall issue
4 a charter described in subsection (b) on the
5 specified date described in paragraph (1).

6 “(B) OPTION TO MAINTAIN MUTUAL DE-
7 POSITORY CHARTER.—After converting and re-
8 ceiving a charter under subparagraph (A), such
9 mutual national bank may continue to exercise
10 the governance, investments, and authorities
11 permitted under its prior mutual depository
12 charter.

13 “(2) CONVERSION OF A MUTUAL NATIONAL
14 BANK TO A STOCK NATIONAL BANK.—Subject to
15 such regulations as the Comptroller of the Currency
16 may prescribe for the protection of the rights of mu-
17 tual members and for any other purpose the Comp-
18 troller of the Currency may consider appropriate,
19 any mutual national bank may reorganize as a na-
20 tional bank operating in stock form.

21 “(3) CONVERSION OF A MUTUAL NATIONAL
22 BANK TO A STATE BANK.—Any mutual national
23 bank may convert to a State bank in accordance
24 with regulations prescribed by the Comptroller of the
25 Currency and applicable State law.

1 “(e) TERMINATING MUTUALITY.—A mutual national
2 bank shall terminate mutuality by—

3 “(1) liquidating; or

4 “(2) converting to a national bank operating in
5 stock form under subsection (d)(2) or to a State
6 bank under subsection (d)(3).

7 “(f) STATUS AND RIGHTS OF MEMBERS.—

8 “(1) IN GENERAL.—The status of a mutual
9 member or prior charter member is primarily as a
10 depositor and secondarily as a holder of a contingent
11 right to participate in the equity of such mutual na-
12 tional bank upon a liquidation or conversion pursu-
13 ant to subsection (e).

14 “(2) MEMBER RIGHTS.—

15 “(A) PRIOR CHARTER MEMBER RIGHTS.—

16 The status and rights of a prior charter mem-
17 bers shall be governed by the law of the prior
18 mutual depository charter.

19 “(B) MUTUAL MEMBER RIGHTS.—Each

20 mutual member of a mutual national bank that
21 receives a charter pursuant to subsection (b)
22 shall have the following rights:

23 “(i) The right to vote for delegates to
24 the board of directors of such mutual na-
25 tional bank.

1 “(ii) The right to attend any meeting
2 of mutual members called by the board of
3 directors of such mutual national bank.

4 “(iii) Any other rights agreed upon by
5 contract between the mutual member and
6 the mutual national bank.

7 “(3) CERTAIN VOTING RIGHTS.—On questions
8 requiring action by its mutual members, the mutual
9 national bank shall provide in its charter that each
10 such mutual member shall have either—

11 “(A) one vote per mutual member; or

12 “(B) one vote for each \$100, or fraction
13 thereof, of the withdrawal value of the mutual
14 member’s account, but not more than 1,000
15 votes per mutual member.

16 “(4) CONTINUITY OF RIGHTS.—If a mutual na-
17 tional bank converts to a Federal mutual bank hold-
18 ing company pursuant to section 5133B, a mutual
19 member or prior charter member of such mutual na-
20 tional bank shall have the same rights with respect
21 to that Federal mutual bank holding company as
22 such member had with respect to the mutual na-
23 tional bank immediately prior to such conversion.

24 “(5) CONVERSION RIGHTS.—If the board of di-
25 rectors of a mutual national bank, in its sole discre-

1 tion, determines that a conversion described in para-
2 graph (2) or (3) of subsection (d) is in the best in-
3 terests of the community in which such bank oper-
4 ates, and the mutual members or prior charter mem-
5 bers of such bank approve the conversion through a
6 special proxy, then on a record date set by the board
7 of directors such members shall have the first right
8 to subscribe for and purchase stock in the converted
9 bank.

10 “(6) LIQUIDATION RIGHTS.—If a mutual na-
11 tional bank is liquidated by operation of law, or if
12 the board of directors of a mutual national bank, in
13 its sole discretion, determines a liquidation of such
14 bank is in the best interests of the community in
15 which such bank operates and the mutual members
16 or prior charter members of such bank approve the
17 liquidation, then on the date of liquidation, members
18 of the liquidated mutual national bank shall have the
19 right to have credited to their accounts, on a pro
20 rata basis, any residual assets that remain after the
21 liquidation of such bank.

22 “(g) PROXIES.—

23 “(1) IN GENERAL.—A mutual member may give
24 a perpetual proxy to a committee of the board of di-
25 rectors of the mutual depository in writing or elec-

1 tronically. Such proxy may be used to vote on any
2 issue requiring approval of the mutual members.

3 “(2) USE OF PROXIES.—A proxy given under
4 paragraph (1) may vote on the conversion of a mu-
5 tual depository to a mutual national bank and any
6 concurrent or subsequent reorganization to a Fed-
7 eral mutual bank holding company, except that ab-
8 sent a finding by the appropriate Federal banking
9 agency of the mutual depository that action is need-
10 ed to avoid loss to the Deposit Insurance Fund of
11 the Federal Deposit Insurance Corporation or to
12 protect the stability of the United States financial
13 system, such proxy may not be used to vote in favor
14 of—

15 “(A) terminating mutuality for a mutual
16 national bank or a Federal mutual bank holding
17 company; or

18 “(B) permitting the modification of a Fed-
19 eral mutual bank holding company.

20 “(3) EFFECT OF CONVERSION OR REORGANIZA-
21 TION.—A proxy given under paragraph (1) shall
22 continue to be valid after the conversion of a mutual
23 depository to a mutual national bank pursuant to
24 subsection (d)(1)(A) and any concurrent or subse-

1 quent reorganization to a Federal mutual bank hold-
2 ing company.

3 “(4) REVOKING A PROXY.—A mutual member
4 may revoke a proxy given under paragraph (1) in
5 writing or electronically. The revocation shall be ef-
6 fective not later than 6 business days after it is
7 made.

8 “(h) CONFORMING REFERENCES.—Unless otherwise
9 provided by the Comptroller of the Currency—

10 “(1) any reference in any Federal law to a na-
11 tional bank operating in stock form, including a ref-
12 erence to the term ‘national banking association’,
13 ‘member bank’, ‘national bank’, ‘national associa-
14 tion’, ‘bank’, ‘insured bank’, ‘insured depository in-
15 stitution’, or ‘depository institution’ shall be deemed
16 to refer also to a mutual national bank;

17 “(2) any reference in any Federal law to the
18 term ‘board of directors’, ‘director’, or ‘directors’ of
19 a national bank operating in stock form shall be
20 deemed to refer also to the board of a mutual na-
21 tional bank; and

22 “(3) any terms in Federal law that may apply
23 only to a national bank operating in stock form, in-
24 cluding the terms ‘stock’, ‘share’, ‘shares of stock’,
25 ‘capital stock’, ‘common stock’, ‘stock certificate’,

1 ‘stock certificates’, ‘certificates representing shares
 2 of stock’, ‘stock dividend, transferable stock’, ‘each
 3 class of stock’, ‘cumulate such shares’, ‘par value’,
 4 or ‘preferred stock’ shall not apply to a mutual na-
 5 tional bank.

6 **“SEC. 5133B. FEDERAL MUTUAL BANK HOLDING COMPA-**
 7 **NIES.**

8 “(a) REORGANIZATION OF MUTUAL NATIONAL BANK
 9 AS A FEDERAL MUTUAL BANK HOLDING COMPANY.—

10 “(1) IN GENERAL.—Subject to approval under
 11 the Bank Holding Company Act of 1956 (12 U.S.C.
 12 1841 et seq.), a mutual national bank may reorga-
 13 nize into a Federal mutual bank holding company by
 14 submitting a reorganization plan to the Board of
 15 Governors of the Federal Reserve System (herein-
 16 after referred to as the ‘Board of Governors’).

17 “(2) PLAN APPROVAL.—A reorganization plan
 18 submitted under paragraph (1) requires the approval
 19 of—

20 “(A) a majority of the board of directors
 21 of the mutual national bank; and

22 “(B) a majority of mutual members or
 23 prior charter members of the mutual national
 24 bank at a meeting held at the call of the board
 25 of directors of such bank under the procedures

1 prescribed by the charter or bylaws of such
2 bank.

3 “(3) CONVERSION TO A FEDERAL MUTUAL
4 BANK HOLDING COMPANY.—Upon the approval of
5 the reorganization plan submitted under paragraph
6 (1) and the issuance of the appropriate charters—

7 “(A) the substantial part of the assets and
8 liabilities of the mutual national bank, including
9 all of the insured liabilities, shall be transferred
10 to a national bank, a majority of the shares of
11 voting stock of which is owned, directly or indi-
12 rectly, by the mutual national bank that is to
13 become a Federal mutual bank holding com-
14 pany; and

15 “(B) the mutual national bank shall be-
16 come a Federal mutual bank holding company.

17 “(b) OWNERSHIP OF DEPOSITORY INSTITUTION SUB-
18 SIDIARIES.—To avoid terminating mutuality, a Federal
19 mutual bank holding company must own, directly or indi-
20 rectly, at least a majority of the shares of voting stock
21 of each of its depository institution subsidiaries.

22 “(c) TERMINATING MUTUALITY.—

23 “(1) LIQUIDATING OR CONVERTING.—A Fed-
24 eral mutual bank holding company shall terminate

1 mutuality by liquidating or converting to a bank
2 holding company operating in stock form.

3 “(2) NO TERMINATION.—Notwithstanding
4 paragraph (1), a reorganization of a mutual deposi-
5 tory or a modification of a Federal mutual bank
6 holding company may not terminate mutuality.

7 “(d) RETENTION OF CAPITAL.—In connection with
8 a reorganization described in subsection (a), a mutual na-
9 tional bank may retain capital at the holding company
10 level in order to comply with the capital requirements of
11 the Board of Governors for holding companies.

12 “(e) OTHER CONVERSIONS.—

13 “(1) CONVERSION OF A STATE MUTUAL BANK
14 HOLDING COMPANY TO A FEDERAL MUTUAL BANK
15 HOLDING COMPANY.—Subject to such regulations as
16 the Board of Governors may prescribe, a mutual
17 bank holding company organized under State law
18 that elects to convert to a Federal mutual bank
19 holding company—

20 “(A) shall submit to the Board of Gov-
21 ernors a notice of its election to convert on a
22 specified date that is on or after the date that
23 is 30 days after the date on which the notice
24 is filed; and

1 “(B) shall be converted to a Federal mu-
2 tual bank holding company on such specified
3 date.

4 “(2) MAINTENANCE OF ORIGINAL POWERS,
5 GOVERNANCE, AND AUTHORITIES.—Upon conversion
6 to a Federal mutual bank holding company, the enti-
7 ty may continue to exercise the powers, governance,
8 and authorities permitted to it as a mutual bank
9 holding company organized under State law.

10 “(3) CONVERSION OF FEDERAL MUTUAL BANK
11 HOLDING COMPANY TO BANK HOLDING COMPANY.—
12 Subject to such regulations as the Board of Gov-
13 ernors may prescribe, any Federal mutual bank
14 holding company that is organized under subsection
15 (a) may reorganize as a bank holding company oper-
16 ating in stock form.

17 “(f) RIGHTS OF MUTUAL HOLDING COMPANY MEM-
18 BERS.—Each tax liable depositor in a savings, demand,
19 or other authorized depository account in depository insti-
20 tution subsidiary shall have the same rights with respect
21 to the Federal mutual bank holding company as such de-
22 positor would have had if the depository institution sub-
23 sidiary had been a mutual national bank.

24 “(g) REGULATION.—A Federal mutual bank holding
25 company shall be—

1 “(1) chartered by the Board of Governors and
2 subject to its regulation and supervision; and

3 “(2) regulated under the Bank Holding Com-
4 pany Act of 1956 (12 U.S.C. 1841 et seq.) on terms,
5 and subject to limitations, comparable to those ap-
6 plicable to any other bank holding company.

7 “(h) CAPITAL IMPROVEMENT.—

8 “(1) PLEDGE OF STOCK OF NATIONAL BANK
9 SUBSIDIARY.—This section shall not prohibit a Fed-
10 eral mutual bank holding company from pledging all
11 or a portion of the stock of the national bank char-
12 tered as part of a transaction described in sub-
13 section (a) to raise capital for such national bank.

14 “(2) ISSUANCE OF NONVOTING SHARES.—This
15 section shall not prohibit a national bank chartered
16 as part of a transaction described in subsection (a)
17 from issuing any nonvoting shares or less than 50
18 percent of the voting shares of such national bank
19 to any person other than the Federal mutual bank
20 holding company.

21 “(i) INSOLVENCY AND LIQUIDATION.—

22 “(1) IN GENERAL.—Notwithstanding any other
23 provision of law, the Board of Governors may file a
24 petition under chapter 7 of title 11, United States

1 Code, with respect to a Federal mutual bank holding
2 company upon—

3 “(A) the default of any depository institu-
4 tion subsidiary, the stock of which is owned by
5 the Federal mutual bank holding company; or

6 “(B) a foreclosure on a pledge by the Fed-
7 eral mutual bank holding company described in
8 subsection (h)(1).

9 “(2) DISTRIBUTION OF NET PROCEEDS.—Ex-
10 cept as provided in paragraph (3), the net proceeds
11 of any liquidation of any Federal mutual bank hold-
12 ing company under paragraph (1) shall be trans-
13 ferred to persons who hold an interest in such Fed-
14 eral mutual bank holding company.

15 “(3) RECOVERY BY FDIC.—If the Federal De-
16 posit Insurance Corporation incurs a loss as a result
17 of the default of any depository institution sub-
18 sidiary that is liquidated under paragraph (1), the
19 Federal Deposit Insurance Corporation shall succeed
20 to the interests of the depositors of the depository
21 institution subsidiary as members of the Federal
22 mutual bank holding company to the extent of the
23 Federal Deposit Insurance Corporation’s loss.

24 “(j) CONFORMING REFERENCES.—Unless otherwise
25 provided by the Board of Governors—

1 “(1) any reference in any Federal law to a bank
2 holding company operating in stock form shall be
3 deemed to refer also to a Federal mutual bank hold-
4 ing company;

5 “(2) any reference in any Federal law to the
6 term ‘board of directors’, ‘director’, or ‘directors’ of
7 a national bank operating in stock form shall be
8 deemed to refer also to the board of a Federal mu-
9 tual bank holding company; and

10 “(3) any terms in Federal law that may apply
11 only to a national bank operating in stock form, in-
12 cluding the terms ‘stock’, ‘shares’, ‘shares of stock’,
13 ‘capital stock’, ‘common stock’, ‘stock certificate’,
14 ‘stock certificates’, ‘certificates representing shares
15 of stock’, ‘stock dividend’, ‘transferable stock’, ‘each
16 class of stock’, ‘cumulate such shares’, ‘par value’,
17 or ‘preferred stock’ shall not apply to a Federal mu-
18 tual bank holding company unless the Board of Gov-
19 ernors of the Federal Reserve System determines
20 that context requires otherwise.

21 “(k) LIMITATION ON FEDERAL REGULATION OF MU-
22 TUAL DEPOSITORIES.—Except as otherwise provided in
23 Federal law, the Comptroller of the Currency, the Board
24 of Governors of the Federal Reserve System, and the Fed-
25 eral Deposit Insurance Corporation may not adopt or en-

1 force any regulation that contravenes the corporate mu-
 2 tual governance rules prescribed by State law or regulation
 3 for mutual depositories unless the Comptroller, Board of
 4 Governors, or Corporation finds that the Federal regula-
 5 tion is necessary to assure the safety and soundness of
 6 the mutual depository.”.

7 (b) TABLE OF CONTENTS AMENDMENT.—The table
 8 of sections for chapter 1 of title LXII of the Revised Stat-
 9 utes of the United States (12 U.S.C. 21 et seq.) is amend-
 10 ed by inserting after the item relating to section 5133 the
 11 following new items:

“Sec. 5133A. Mutual national banks.

“Sec. 5133B. Federal mutual bank holding companies.”.

12 (c) APPROPRIATE FEDERAL BANKING AGENCY FOR
 13 FEDERAL MUTUAL BANK HOLDING COMPANIES.—Sec-
 14 tion 3(q)(3) of the Federal Deposit Insurance Act (12
 15 U.S.C. 1813(q)(3)) is amended—

16 (1) in subparagraph (F), by striking “; and”
 17 and inserting a semicolon at the end;

18 (2) in subparagraph (G), by striking the period
 19 at the end and inserting “; and”; and

20 (3) by inserting after subparagraph (G) the fol-
 21 lowing new subparagraph:

22 “(H) supervisory or regulatory proceedings
 23 arising from the authority given to the Board

1 of Governors under section 5133B of the Re-
2 vised Statutes of the United States.”.

3 **SEC. 4. CONVERSION OF A MUTUAL HOLDING COMPANY TO**
4 **A FEDERAL MUTUAL BANK HOLDING COM-**
5 **PANY.**

6 (a) IN GENERAL.—A mutual holding company, in-
7 cluding any form of mutual depository holding company
8 provided for under State law, may convert to a Federal
9 mutual bank holding company by filing with the Board
10 of Governors of the Federal Reserve System a notice of
11 its election to convert on a specified date that is on or
12 after the date that is 30 days after the date on which the
13 notice is filed, and such mutual holding company shall be
14 converted to a Federal mutual bank holding company on
15 such specified date.

16 (b) DEFINITIONS.—In this section the following defi-
17 nitions apply:

18 (1) FEDERAL MUTUAL BANK HOLDING COM-
19 PANY.—The term “Federal mutual bank holding
20 company” has the meaning given such term in sec-
21 tion 5133A(a) of the Revised Statutes of the United
22 States.

23 (2) MUTUAL HOLDING COMPANY.—The term
24 “mutual holding company” has the meaning given

- 1 such term in section 10(o)(10) of the Home Owners'
- 2 Loan Act (12 U.S.C. 1467a(o)(10)).

○