

Rulemaking Fact Sheet (5 MRSA §8057-A)

AGENCY: Bureau of Financial Institutions

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CHAPTER NUMBER AND RULE TITLE: Chapter 128 (Regulation #28) – LOANS TO ONE BORROWER LIMITATIONS

TYPE OF RULE (*check one*): Routine Technical Major Substantive

STATUTORY AUTHORITY: : 9-B M.R.S. §§ 215, 439-A(5)

DATE, TIME AND PLACE OF PUBLIC HEARING: None scheduled.

COMMENT DEADLINE: January 12, 2024.

PRINCIPAL REASON(S) OR PURPOSE FOR PROPOSING THIS RULE: [*see* §8057-A(1)(A)&(C)]

The purpose of the proposed rule is to align definitions of total capital and surplus, and the calculation of credit exposure derived from derivatives transactions, with federal regulations promulgated by the FDIC and the OCC. Recent changes to federal regulations have created different methodology between state and federal law for how to determine a financial institution’s capital and how to calculate credit exposure derived from derivatives transactions. Alignment with federal standards will ensure consistency in defined terms used in state and federal regulation, which will help financial institutions better understand how to calculate total capital and surplus relative to loans to one borrower limitations.

IS MATERIAL INCORPORATED BY REFERENCE IN THE RULE? X YES NO [§8056(1)(B)]

ANALYSIS AND EXPECTED OPERATION OF THE RULE: [*see* §8057-A(1)(B)&(D)]

The rule will amend the definition of “total capital and surplus” so that it is consistent with consistent with the calculation of the Federal Deposit Insurance Corporation’s Community Bank Leverage Ratio (CBLR) as found in 12 C.F.R. Part 324. The amendment accommodates those financial institutions using CBLR that are no longer required to calculate Tier 2 capital.

BRIEF SUMMARY OF RELEVANT INFORMATION CONSIDERED DURING DEVELOPMENT OF THE RULE (including up to 3 primary sources relied upon) [see §§8057-A(1)(E) & 8063-B]

12 CFR Part 324
12 CFR Part 32
9-B M.R.S. § 439-A

ESTIMATED FISCAL IMPACT OF THE RULE: [see §8057-A(1)(C)] No expected fiscal impact.

FOR EXISTING RULES WITH FISCAL IMPACT OF \$1 MILLION OR MORE, ALSO INCLUDE:

ECONOMIC IMPACT, WHETHER OR NOT QUANTIFIABLE IN MONETARY TERMS:
[see §8057-A(2)(A)]

INDIVIDUALS, MAJOR INTEREST GROUPS AND TYPES OF BUSINESSES AFFECTED AND HOW THEY WILL BE AFFECTED: [see §8057-A(2)(B)]

BENEFITS OF THE RULE: [see §8057-A(2)(C)]

Note: If necessary, additional pages may be used.

