

MAINE BUREAU OF FINANCIAL INSTITUTIONS  
SUPERINTENDENT'S  
NOTICE TO INTERESTED PARTIES

NOTICE OF AGENCY RULE-MAKING ADOPTION

AGENCY: Bureau of Financial Institutions, Department of Professional and Financial Regulation

CHAPTER NUMBER AND TITLE: Chapter 128: Loans to One Borrower Limitations

ADOPTED RULE NUMBER: 20xx.xxx

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SECRETARY OF STATE)

**CONCISE SUMMARY**

9-B MRSA §439-A establishes the basis for determining the legal lending limits for financial institutions, including their subsidiaries, organized under the laws of this State. The lending limit law prohibits loans or extensions of credit at any one time to an individual borrower in excess of 20% of the financial institution's total capital. In addition, this statute authorizes the Superintendent to adopt rules to define or further define terms used in the statute and to establish limits or requirements other than those specified in the statute. This regulation protects the safety and soundness of financial institutions by preventing excessive loans to one person while promoting diversification of loans and equitable access to financial institution services.

This promulgation repeals and replaces existing Regulation 28. Its purpose is to establish guidelines for the administration of lending limits and to accommodate recent federal requirements pertaining to such limits found in the Dodd-Frank Wall Street Reform and Consumer Protection Act, 111 PL 203 ("Dodd-Frank Act"). Effective January 21, 2013, section 611 of the Dodd-Frank Act will prohibit state-chartered financial institutions from engaging in derivative transactions unless state lending limit laws take into consideration credit exposure to derivative transactions. Prior to this promulgation, Maine's lending limit law did not provide guidance for measuring credit exposure arising from derivative transactions. This promulgation addresses the Dodd-Frank Act requirements by providing methods for taking into consideration credit exposure to derivative transactions for Maine's financial institutions. This promulgation is based on the new interim final regulation that was issued by the Office of the Comptroller of the Currency (OCC) in response to the Dodd-Frank Act. This new interim final regulation, which amends 12 CFR Part 32, may be found at 77 FR

37265. Pursuant to this interim final regulation, national banks must also evaluate credit exposure to derivatives transactions when calculating lending limits to a single borrower.

Credit unions have lending limit requirements other than those found in the regulation.

**EFFECTIVE DATE:**

January 21, 2013. Until April 1, 2013, Maine banks engaging in derivative transactions must document that they have taken into consideration credit exposure to derivative transactions when evaluating loans to one borrower, taking into account whether credit exposure from derivative transactions adversely impacts safety and soundness of their institution. During this period, Maine banks are not required to employ the rules for calculating credit exposures from derivative transactions as set forth in section 8 of the regulation. Beginning April 1, 2013, Maine banks will be required to employ the rules for calculating credit exposures from derivative transactions as set forth in section 8 of the regulation.

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