

111TH CONGRESS  
1ST SESSION

# H. R. 3291

To protect the rights of public shareholders of mutual holding companies by promoting fair corporate governance procedures when considering management or employee stock benefit plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2009

Mrs. MALONEY introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To protect the rights of public shareholders of mutual holding companies by promoting fair corporate governance procedures when considering management or employee stock benefit plans, 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 Holding Com-  
5       pany Beneficial Owners’ Protection Act of 2009”.

1 **SEC. 2. APPROVAL OF STOCK BENEFIT PLANS BY SHARE-**  
2 **HOLDERS OF SAVINGS ASSOCIATIONS.**

3 Section 10(o) of the Home Owners' Loan Act (U.S.C.  
4 1467a(o)) is amended—

5 (1) by redesignating paragraph (10) as para-  
6 graph (11); and

7 (2) by inserting after paragraph (9) the fol-  
8 lowing new paragraph:

9 “(10) APPROVAL BY PUBLIC SHAREHOLDERS.—

10 “(A) IN GENERAL.—No savings association  
11 or savings and loan holding company that is a  
12 subsidiary, directly or indirectly, of a mutual  
13 holding company may—

14 “(i) establish or implement any plan  
15 to award stock options or to provide stock  
16 or any interest therein as compensation or  
17 benefits to—

18 “(I) the management or employ-  
19 ees of such association or savings and  
20 loan holding company; or

21 “(II) to the management or em-  
22 ployees of any affiliate of such asso-  
23 ciation or company; or

24 “(ii) amend any plan of such savings  
25 association or savings and loan holding

1           company for any purpose described in  
2           clause (i),  
3           without the approval of such plan or amend-  
4           ment by a majority of the total votes eligible to  
5           be cast for such plan or amendment, other than  
6           the votes eligible to be cast by such mutual  
7           holding company or any subsidiary of the com-  
8           pany.

9           “(B) COMPLIANCE.—Any provision of the  
10          charter or bylaws of a savings association, sav-  
11          ings and loan holding company, or mutual hold-  
12          ing company which has the effect of excluding  
13          or preventing votes required under subpara-  
14          graph (A) with respect to the approval of a plan  
15          or amendment shall be void and unenforce-  
16          able.”.

17 **SEC. 3. APPROVAL OF STOCK BENEFIT PLANS BY SHARE-**  
18 **HOLDERS OF INSURED DEPOSITORY INSTITU-**  
19 **TIONS.**

20          Section 18 of the Federal Deposit Insurance Act (12  
21 U.S.C. 1828) is amended by adding at the end the fol-  
22 lowing new subsection:

23          “(y) METHOD OF APPROVAL OF STOCK BENEFIT  
24 PLANS BY SUBSIDIARIES OF MUTUAL HOLDING COMPA-  
25 NIES.—

1           “(1) IN GENERAL.—No insured depository in-  
2           stitution that is a subsidiary, directly or indirectly,  
3           of a mutual holding company may—

4                   “(A) establish or implement any plan to  
5                   award stock options or to provide stock or any  
6                   interest therein as compensation or benefits  
7                   to—

8                           “(i) the management or employees of  
9                           such depository institution or company; or

10                           “(ii) to the management or employees  
11                           of any affiliate of such depository institu-  
12                           tion or company; or

13                   “(B) amend any plan of such insured de-  
14                   pository institution for any purpose described in  
15                   subparagraph (A),

16           without the approval of such plan or amendment by  
17           a majority of the total votes eligible to be cast for  
18           such plan or amendment, other than the votes eligi-  
19           ble to be cast by such mutual holding company or  
20           any subsidiary of the company.

21           “(2) COMPLIANCE.—Any provision of the char-  
22           ter or bylaws of a insured depository institution or  
23           mutual holding company which has the effect of ex-  
24           cluding or preventing votes required under para-

1 graph (1) with respect the approval of a plan or  
2 amendment shall be void and unenforceable.

3 “(3) MUTUAL HOLDING COMPANY DEFINED.—  
4 For the purposes of this subsection, the term ‘mu-  
5 tual holding company’ means a corporation orga-  
6 nized as a mutual holding company and operating in  
7 mutual form.”.

8 **SEC. 4. APPROVAL OF STOCK BENEFIT PLANS BY SHARE-**  
9 **HOLDERS OF MUTUAL BANK HOLDING COM-**  
10 **PANY SUBSIDIARIES.**

11 Section 3(g) of the Bank Holding Company Act (12  
12 U.S.C. 1842(g)) is amended by adding at the end the fol-  
13 lowing new paragraph:

14 “(3) APPROVAL BY PUBLIC SHAREHOLDERS.—

15 “(A) IN GENERAL.—Notwithstanding para-  
16 graph (2), no bank holding company that is a  
17 subsidiary, directly or indirectly, of a mutual  
18 holding company may—

19 “(i) establish or implement any plan  
20 to award stock options or to provide stock  
21 or any interest therein as compensation or  
22 benefits to—

23 “(I) the management or employ-  
24 ees of such bank holding company  
25 subsidiary; or

1                   “(II) to the management or em-  
2                   ployees of any affiliate of such bank  
3                   holding company subsidiary; or

4                   “(ii) amend any plan of such bank  
5                   holding company subsidiary for any pur-  
6                   pose described in subparagraph (A),  
7                   without the approval of such plan or amend-  
8                   ment by a majority of the total votes eligible to  
9                   be cast for such plan or amendment, other than  
10                  the votes eligible to be cast by such mutual  
11                  holding company or any subsidiary of the com-  
12                  pany.

13                  “(B) COMPLIANCE.—Any provision of the  
14                  charter or bylaws of a bank holding company or  
15                  mutual holding company which has the effect of  
16                  excluding or preventing votes required under  
17                  subparagraph (A) with respect to the approval  
18                  of a plan or amendment shall be void and unen-  
19                  forceable.”.

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