

**286.3-095 Change in control or certain loans to be reported to commissioner --
Contents of report.**

- (1) At least sixty (60) days prior to a change occurring in the outstanding voting stock of any bank or trust company which will result in control or in a change in the control of the bank or trust company, the proposed acquiring party or parties shall report such facts to the commissioner for approval unless the commissioner finds that:
 - (a) The terms of the acquisition are not in accordance with the laws of this state;
or
 - (b) The financial condition, or the competence, experience, and integrity of the acquiring party or parties are such as will jeopardize the financial stability of the bank; or
 - (c) The public convenience and advantage will not be served by the acquisition.
- (2) As used in subsection (1) of this section, the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the bank or trust company. A change in ownership of voting stock which would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than twenty-five percent (25%) of the outstanding voting stock shall not be considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control thereof or to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the commissioner.
- (3) Whenever a bank makes a loan or loans, secured, or to be secured, by twenty-five percent (25%) or more of the outstanding voting stock of a bank, the president or other chief executive officer of the lending bank shall promptly report such fact to the commissioner upon obtaining knowledge of such loan or loans, except that no report need be made in those cases where the borrower has been the owner of record of the stock for a period of one (1) year or more, or the stock is that of a newly organized bank prior to its opening.
- (4) The reports required by subsections (1), (2), and (3) of this section shall contain the following information to the extent that it is known by the person making the report:
 - (a) The number of shares involved;
 - (b) The names of the sellers (or transferors);
 - (c) The names of the purchasers (or transferees);
 - (d) The names of the beneficial owners if the shares are registered in another name;
 - (e) The purchase price;
 - (f) The total number of shares owned by the seller (or transferors), the purchasers (or transferees) and the beneficial owners both immediately before and after the transaction; and in the case of a loan:
 1. The name of the borrower;
 2. The amount of the loan; and

3. The name of the bank issuing the stock securing the loan and the number of shares securing the loan.

In addition to the foregoing, such reports shall contain such other information as may be available to inform the commissioner of the effect of the transaction upon control of the bank or trust company whose stock is involved.

- (5) Whenever such a change as described in subsection (1) of this section occurs, each bank or trust company shall report promptly to the commissioner any changes or replacement of its chief executive officer or of any director occurring in the next twelve (12) month period, including in its report a statement of the past and current business and professional affiliations of the new chief executive officer or directors.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 621, effective July 15, 2010. -- Amended 1996 Ky. Acts ch. 338, sec. 9, effective July 15, 1996. -- Amended 1984 Ky. Acts ch. 324, sec. 10, effective July 13, 1984. -- Created 1970 Ky. Acts ch. 209, sec. 4, effective June 18, 1970.

Formerly codified as KRS 287.095.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286.