

SUBCHAPTER 16G - MUTUAL TO STOCK CONVERSIONS

SECTION .0100 - SCOPE

04 NCAC 16G .0101 GENERAL
04 NCAC 16G .0102 PROVISIONS OF PRESCRIBED FORMS

History Note: *Authority G.S. 54B-33;*
 Eff. January 1, 1980;
 Transferred From 4 NCAC 9I Eff. August 31, 1981;
 Amended Eff. September 1, 1983;
 Repealed Eff. January 1, 1986.

04 NCAC 16G .0103 DEFINITIONS

As used in this Subchapter the words and phrases defined by G.S. 54C-4 and the following definitions apply:

- (1) "An affiliate of," or "a person affiliated with" used in connection with another specified person shall mean a person that directly, or indirectly through one or more intermediaries, controls or is under common control with the person specified.
- (2) "Amount," when used in regard to securities, shall mean the principal amount if relating to evidences of indebtedness, the number of shares if relating to shares of stock, or the number of units if relating to any other kind of security.
- (3) "Applicant" shall mean a savings institution that has applied to convert to stock ownership pursuant to this Subchapter.
- (4) "Broker" shall mean any person engaged in the business of effecting transactions in securities for the account of others.
- (5) "Dealer" shall mean any person who engages either for all or part of their time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.
- (6) "Deposit account" shall mean that part of the liability of the savings institution that is credited to the account of the holder including certificates of deposit.
- (7) "Eligibility record date" shall mean the record date for determining eligible account holders of a converting savings institution.
- (8) "Eligible account holder" shall mean any person holding a qualifying deposit as determined in accordance with Rule .0313 of this Subchapter.
- (9) "Employee" shall not mean a director or executive officer of a savings institution.
- (10) "Equity security" shall mean the following:
 - (a) any stock or similar security;
 - (b) any security convertible, with or without considerations, into a security, or carrying any warrant or right to subscribe to or purchase a security; or
 - (c) any warrant or right to subscribe to or purchase a security.
- (11) "Executive Officer" shall mean any person performing a policy-making function with respect to any organization, whether incorporated or unincorporated.
- (12) "Investment representative" shall mean a professional investment advisor acting as agent for the purchaser and independent of the seller and not acting on behalf of the seller in connection with the transaction.
- (13) "Market maker" shall mean a dealer who, with respect to a particular security:
 - (a) regularly publishes bona fide, competitive bid, and offer quotation in a recognized inter-dealer quotation system or furnishes bona fide competitive bid and offer quotations on request; and
 - (b) is ready, willing, and able to effect transactions in reasonable quantities at the quoted prices with other brokers or dealers.
- (14) "Material," when used to qualify a requirement to provide information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before purchasing an equity security of the applicant, or matters as to which an average prudent savings institution member ought reasonably to be informed in voting upon the plan of conversion of the applicant.

- (15) "Negotiated transactions" shall mean transactions in which the securities are offered and the terms and arrangements relating to any sale of the securities are arrived at through direct communications between the seller or any person acting in its behalf and the purchaser or his investment representative.
- (16) "Offer," "offer to sell," or "offer of sale" shall mean every attempt or offer to dispose of or solicitation of an offer to buy a security or interest in a security for value. These terms shall not include preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are or will be in privity of contract with an applicant.
- (17) "Person" is defined in G.S. 55-1-40.
- (18) "Proxy" shall mean every form of authorization by which a person is, or may be deemed to be, designated to act for a savings institution member in the exercise of his or her voting rights in the affairs of a savings institution. An authorization may take the form of failure to dissent or object.
- (19) "Purchase" and "buy" shall mean every contract to acquire a security or interest in a security for value.
- (20) "Sale" and "sell" shall mean every contract to dispose of a security or interest in a security for value.
- (21) "Security" shall mean any note, stock, treasury stock, bond, debenture, transferable share, investment contract, voting-trust certificate, or in general, any instrument commonly known as a "security." It shall also include any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing.
- (22) "Solicitation" and "solicit" shall mean:
- (a) any request for a proxy whether or not accompanied by or included in a form of proxy;
 - (b) any request to execute, not execute, or revoke a proxy; or
 - (c) providing a form of proxy or other communication to savings institution members under circumstances calculated to result in the procurement, withholding, or revocation of a proxy. The terms shall not apply to the furnishing of a form of proxy to a savings institution member upon the unsolicited request of the member or to the performance by any person of ministerial acts on behalf of a person soliciting a proxy.
- (23) "Subscription offering" shall mean offering shares of capital stock, through nontransferable subscription rights, to:
- (a) eligible account holders as required by Rule .0311(2) of this Subchapter;
 - (b) supplemental eligible account holders as required by Rule .0311(4) of this Subchapter;
 - (c) members entitled to vote at the meeting called to consider the conversion as required by Rule .0311(5) of this Subchapter;
 - (d) directors, executive officers, and employees, as permitted by Rule .0312(2) of this Subchapter; or
 - (e) eligible account holders, supplemental eligible account holders, and voting members as permitted by Rule .0312(3) of this Subchapter.
- (24) "Subsidiary" of a specified person shall mean a person controlled, directly or indirectly, through one or more intermediaries by the specified person.
- (25) "Supplemental eligible account holder" shall mean any person holding a qualifying deposit, except executive officers, directors, and their associates, as of the supplemental eligibility record date required by Rule .0311 of this Subchapter.
- (26) "Underwriter" shall mean any person who has purchased from an applicant with a view to, or any person who offers or sells for an applicant in connection with, the distribution of any security; or participates or has a direct or indirect participation in the direct or indirect underwriting of any undertaking. Underwriting shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission. The term "principal underwriter" shall mean an underwriter in privity of contract with the applicant or other issuer of securities as to which he or she is the underwriter.

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0104 GENERAL REQUIREMENTS

- (a) No application for conversion shall be approved by the Commissioner of Banks unless:

- (1) The conversion shall be conducted in compliance with G.S. 54B or G.S. 54C, and this Subchapter and pursuant to a plan of conversion approved by the Commissioner of Banks; and
 - (2) The conversion shall not result in a taxable reorganization under the Internal Revenue Code.
- (b) The converted savings bank shall be deemed to be a continuation of the savings institution so converted.

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992;
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 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0105 APPLICATION FOR CONVERSION

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992.
 Repealed Eff. November 1, 2017.

04 NCAC 16G .0106 CONFIDENTIAL INFORMATION

An applicant that submits information as part of an application may request that the information be confidential by separately binding and labeling the information as "confidential," and a statement shall be submitted setting forth the grounds on which the information should be treated as confidential pursuant to G.S. 54C-60. Only general reference to the confidential information shall be made in that portion of the application that the applicant requests not to be confidential. The Commissioner of Banks shall review the request of the applicant and determine if the documents are confidential pursuant to G.S. 54C-60. Applications under this Subchapter shall be made available for inspection by the public, except for portions that are bound and labeled "confidential" and that the Commissioner of Banks determines to be confidential pursuant to G.S. 54C-60. Preliminary copies of proxy-soliciting materials shall be confidential regardless of whether they are bound and labeled as "confidential." The applicant shall be advised of any decision by the Commissioner of Banks to make public information designated as "confidential" by the applicant. Notwithstanding the provisions of this Rule and to the extent permitted by G.S. 54C-60, the Commissioner of Banks may comment on the confidential submissions in any public statement in connection with any decision regarding the application without prior notice to the applicant.

History Note: Authority G.S. 53C-2-7; 54C-33; 54C-53;
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SECTION .0200 - DEFINITIONS

- 04 NCAC 16G .0201 DEFINITIONS**
- 04 NCAC 16G .0202 OTHER TERMS**

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SECTION .0300 - GENERAL PRINCIPLES FOR CONVERSIONS

- 04 NCAC 16G .0301 GENERAL REQUIREMENTS**
- 04 NCAC 16G .0302 REQUIRED PROVISIONS IN PLAN OF CONVERSION**
- 04 NCAC 16G .0303 OPTIONAL PROVISIONS IN PLAN OF CONVERSION**
- 04 NCAC 16G .0304 AMOUNT OF DEPOSIT: PREDECESSOR AND SUCCESSOR ACCOUNTS**
- 04 NCAC 16G .0305 LIQUIDATION ACCOUNT**

04 NCAC 16G .0306 RESTRICTIONS: REPURCHASE OF STOCK: PAYMENT OF DIVIDENDS
04 NCAC 16G .0307 MANIPULATIVE AND DECEPTIVE DEVICES

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 Repealed Eff. January 1, 1986.

04 NCAC 16G .0308 ACQUISITION OF CONVERTED ASSOCIATION

History Note: Authority G.S. 54-24; 54-24.1; 54-33.2; 54A-13; 150A-12;
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 Repealed Eff. October 1, 1982.

04 NCAC 16G .0309 MERGER OF CONVERTED ASSOCIATIONS

History Note: Authority G.S. 54B-33;
 Eff. December 15, 1980;
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 Amended Eff. September 1, 1983;
 Repealed Eff. January 1, 1986.

04 NCAC 16G .0310 ACQUISITION/SECURITIES: CONVERTING/CONVERTED ASSOCIATION

History Note: Authority G.S. 54B-33;
 Eff. October 1, 1982;
 Repealed Eff. September 1, 1983.

04 NCAC 16G .0311 REQUIRED PROVISIONS IN PLAN OF CONVERSION

The plan of conversion shall:

- (1) Provide that the converting savings institution shall issue and sell its capital stock at a total price equal to the estimated pro forma market value of the stock in the converted savings institution, based on an independent valuation, as provided in Rule .0717 of this Subchapter.
- (2) Provide that each eligible account holder shall receive, without payment, nontransferable subscription rights to purchase capital stock. Subscription rights shall be allocated among the eligible account holders on an equitable basis in an amount not greater than the maximum purchase limitation established for the public offering or the direct community offering. The plan of conversion shall provide a comprehensive description of this allocation including a detailed description of the allocation in the event of an oversubscription of the capital stock. In the event of an oversubscription, shares shall be allocated on an equitable basis that is related to the amount of the subscriber's qualifying deposits.
- (3) Provide that nontransferable subscription rights to purchase capital stock received by executive officers and directors of the applicant and their associates, based on their increased deposits in the applicant savings institution in the one-year period preceding the eligibility record date, shall be subordinated to all other subscriptions involving the exercise of nontransferable subscription rights to purchase shares pursuant to Item (2) of this Rule.
- (4) In plans involving an eligibility record date that is more than 15 months prior to the date of the latest amendment to the application for conversion filed prior to the Commissioner of Banks' approval, provide that a supplemental eligibility record date shall be determined whereby each supplemental eligible account holder of the applicant shall receive, without payment, nontransferable subscription rights to purchase capital stock in an amount related to his or her respective qualifying deposits.
 - (a) Subscription rights received pursuant to Item (4) of this Rule shall be subordinated to all rights received by eligible account holders to purchase shares pursuant to Items (2) and (3) of this Rule.

- (b) Any nontransferable subscription rights to purchase shares received by an eligible account holder in accordance with Item (2) of this Rule shall be applied in partial satisfaction of the subscription rights to be distributed pursuant to this Item.
 - (c) In the event of an oversubscription for supplemental shares pursuant to this Item, shares shall be allocated among the subscribing supplemental eligible account holders on an equitable basis, related to the amounts of their respective qualifying deposits, as may be provided in the plan of conversion.
- (5) Provide that voting members who are not either eligible account holders or supplemental eligible account holders shall receive, without payment, nontransferable subscription rights to purchase capital stock on an equitable basis defined in the plan of conversion. Subscription rights received pursuant to this Item shall be subordinated to all rights received by eligible account holders and supplemental eligible account holders to purchase shares pursuant to Items (2), (3), and (4) of this Rule. In the event of an oversubscription of capital stock pursuant to this Item, shares shall be allocated among the subscribing voting members on such equitable basis as may be provided in detail in the plan of conversion.
- (6) Provide that any shares of the applicant not sold to persons with subscription rights shall either be sold in a public offering through an underwriter or directly by the applicant in a direct community offering, subject to the applicant demonstrating to the Commissioner of Banks the feasibility of the method of sale and of conditions as may be provided in the plan of conversion. Conditions may include the following:
 - (a) limiting purchases in the public offering or the direct community offering by any person together with any associate or group of persons acting in concert to a percentage of the total offering of shares not exceeding five percent; except that:
 - (i) any one or more tax-qualified employee stock benefit plans of the applicant may purchase in the aggregate not more than ten percent of the total offering of shares and shall be entitled to purchase that amount regardless of the number of shares to be purchased by other parties; and
 - (ii) that shares held by one or more tax-qualified employee stock benefit plans and attributed to a person shall not be aggregated with other shares purchased directly by or otherwise attributable to that person.
 - (b) requiring that orders for stock in any public offering or direct community offering shall first be filled up to a maximum of two percent of the conversion stock per order and thereafter remaining shares shall be allocated on an equal number of shares basis per order until all orders have been filled;
 - (c) requiring that stock to be offered and sold in the public offering or the direct community offering shall be offered and sold in a manner requiring that will achieve the widest distribution of the stock; or
 - (d) any direct community offering by the applicant shall give a preference to a person residing in the counties in which the applicant has an office.
- (7) Provide that the number of shares that any person together with any associate or group of persons acting in concert may subscribe or purchase in the conversion shall not exceed five percent of the total offering of shares, except that any one or more tax-qualified employee stock benefit plans of the applicant may purchase in the aggregate not more than 10 percent of the total offering of shares. Shares held by one or more tax-qualified or non-tax-qualified employee stock benefit plans and attributed to a person shall not be aggregated with shares purchased directly by or otherwise attributable to that person. For purpose of this Item the members of the converting savings institution's board of directors shall not be deemed to be associates or a group of persons acting in concert solely as a result of their board membership.
- (8) Provide that for a period of three years following the conversion no executive officer or director or any associate of an executive officer or director shall purchase without the prior written approval of the Commissioner of Banks the capital stock of the converted savings institution except from a broker or dealer registered with the Secretary of State of North Carolina or the Securities and Exchange Commission. This provision shall not apply to negotiated transactions involving more than one percent of the outstanding capital stock of the converted savings institution or to purchases of stock made by and held by any one or more tax qualified or non-tax-qualified employee stock benefit plans of the applicant that may be attributable to executive officers or directors.

- (9) Provide that the sales price of the shares of capital stock to be sold in the conversion shall be a uniform price and specify the underwriting and other marketing arrangements to be made to assure the sale of any shares not sold in the subscription offering.
- (10) Provide that each deposit account holder of the converting savings institution shall receive, without payment, a deposit account or accounts in the converted savings institution equal in amount to the value of the account holder's deposit account or accounts in the converting savings institution.
- (11) Provide for the establishment and maintenance of a liquidation account for the benefit of eligible account holders and supplemental eligible account holders in the event of a subsequent complete liquidation of the converted savings institution.
- (12) Provide for an eligibility record date that shall be not less than 90 days prior to the date of adoption of the plan by the converting savings institution's board of directors.
- (13) Provide that the holders of the capital stock of the converted savings institution shall have exclusive voting rights.
- (14) Provide that the plan of conversion adopted by the applicant's board of directors may be amended by the board of directors prior to the solicitation of proxies from members to vote on the plan and at any time thereafter with the concurrence of the Commissioner of Banks, and that the conversion may be terminated by the board of directors at any time prior to the meeting of members called to consider the plan of conversion and at any time thereafter with the concurrence of the Commissioner of Banks.
- (15) Establish a time period within which the conversion shall be completed prior to termination. This time period shall not be more than 12 months from the date the members approve the plan of conversion. This time period may be extended an additional 12 months by a plan amendment.
- (16) Provide that all shares of capital stock purchased by directors and executive officers on original issue in the conversion either directly from the applicant (by subscription or otherwise) or from an underwriter of shares, shall be subject to the restriction that such shares shall not be sold for a period of not less than one year following the date of purchase, except in the event of death of the director or executive officer. The Commissioner of Banks may grant permission for the transfer of restricted stock upon a determination that the restriction imposes a substantial personal financial hardship on the individual due to changed unforeseeable circumstances outside the control of the individual.
- (17) Provide that, in connection with shares of capital stock subject to restriction on sale under Item (16) of this Rule:
 - (a) Each certificate for such stock shall bear a legend giving appropriate notice of the applicable restrictions;
 - (b) Instructions shall be issued to the transfer agent for the converted savings institution's capital stock with respect to applicable restrictions on transfer of any restricted stock; and
 - (c) Any shares issued as a stock dividend, stock split, or otherwise with respect to any restricted stock shall be subject to the same restrictions as may apply to the restricted stock.
- (18) Provide that the converting savings institution shall:
 - (a) encourage a market maker to establish and maintain a market for the securities issued in connection with the conversion; and
 - (b) list those shares issued in connection with the conversion on a national or regional securities exchange, or on the NASDAQ system.
- (19) Provide that the expenses incurred in the conversion shall be reasonable.
- (20) Contain no provision that the Commissioner of Banks finds to be inequitable or detrimental to the applicant, its account holders or other savings banks or to be contrary to the public interest.
- (21) Contain no provision that the Commissioner of Banks finds will harm the community and public served by the savings institution.
- (22) Provide that the converting savings bank shall not loan funds or otherwise extend credit on an unsecured basis or upon the security of the savings institution's capital stock to any person to purchase the capital stock of the converting savings institution.
- (23) Provide that the savings institution may make scheduled discretionary contributions to a tax-qualified employee stock benefit plan provided the contributions do not cause the savings institution to fail to meet its net worth requirements.

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04 NCAC 16G .0312 OPTIONAL PROVISIONS IN PLAN OF CONVERSION

The plan of conversion may provide any of the following:

- (1) The applicant may commence the direct community offering or the public offering, or both, concurrently with or at any time during the subscription offering. The subscription offering may be commenced concurrently with or at any time after the mailing to members of the proxy statement authorized for use by the Commissioner of Banks. The subscription offering may be closed before the meeting of the members held to vote on the plan of conversion, provided that the offer and sale of capital stock shall be conditioned upon the approval of the plan of conversion by the members.
- (2) Directors, executive officers, and employees of the converting savings institution shall receive, without payment, nontransferable subscription rights to purchase shares of capital stock, to the extent that shares are available after satisfying the subscriptions of eligible account holders, supplemental eligible account holders, and voting members provided for under Items (2), (4) and (5) of Rule .0311 of this Section. The shares shall be allocated among directors, officers, and employees on an equitable basis such as by giving weight to length of service, compensation, and position, subject to the limitation in Item (7) of Rule .0311 of this Section on the amount of shares that may be purchased by any person, associate, or group of affiliated persons or group of persons otherwise acting in concert.
- (3) Any account holder receiving rights to purchase stock in the subscription offering shall also receive, without payment, nontransferable subscription rights to purchase up to one percent of the total offering of shares of capital stock, to the extent that the shares are available after satisfying the subscriptions provided for under Items (2), (4), and (5) of Rule .0311 of this Section, subject to conditions as may be provided in the plan of conversion. In the event of an oversubscription for the additional shares, the shares available shall be allocated among the subscribing eligible account holders, supplemental eligible account holders, and voting members on an equitable basis related to the amounts of their respective subscriptions, as may be provided in the plan of conversion.
- (4) The applicant may require members to return by a date certain a postage-paid written communication provided by the applicant, requesting receipt of a subscription offering circular or a preliminary or final offering circular in an offering pursuant to Item (10) of this Rule, in order to be entitled to receive an offering circular from the applicant; provided, that the subscription offering or the offering pursuant to Item (10) of this Rule shall not be closed until 30 days after the mailing by the applicant to members of the postage-paid written communication. If the subscription offering or the offering pursuant to Item (10) of this Rule is not commenced within 45 days after the meeting of members, any converting savings institution adopting this optional provision shall transmit, not more than 30 days prior to the commencement of the subscription offering or the offering pursuant to Item (10) of this Rule to each member who had been furnished with proxy solicitation materials, written notice of the commencement of the offering that shall state that the converting savings institution is not required to furnish an offering circular to a member unless the member returns by a date certain the postage-paid written communication provided by the converting savings institution requesting receipt of an offering circular.
- (5) The applicant may require eligible account holders and supplemental eligible account holders who are not voting members to return by a date certain a postage-paid written communication in accordance with the procedure established in Item (4) of this Rule.
- (6) Any residue of shares of the converting savings institution not sold in the subscription offering, in a public offering, or direct community offering may be sold as provided in the plan of conversion with the written consent of the Commissioner of Banks.
- (7) The number of shares that any person or group of persons affiliated with each other or otherwise acting in concert may subscribe for in the subscription offering may be made subject to a limit of not less than one percent of the total offering of the shares.
- (8) Any person exercising subscription rights to purchase capital stock shall be required to purchase a minimum number of shares, but the aggregate price for any minimum share purchase shall not exceed five hundred dollars (\$500.00).
- (9) The converted savings institution shall issue and sell, in lieu of shares of its capital stock, units of securities consisting of capital stock and long-term warrants or other equity securities, in which event any reference in

the provisions of this Subchapter to capital stock shall apply to units of equity securities unless the context otherwise requires.

- (10) Instead of a separate subscription offering, all subscription rights issued in connection with the conversion shall be exercisable by delivery of completed and executed order forms to the underwriters or selling group for the public offering or pursuant to any other procedure, subject to the applicant demonstrating to the Commissioner of Banks the feasibility of the method of exercising such right and to such conditions as shall be provided in the plan of conversion.
- (11) The Commissioner of Banks may approve other equitable provisions as necessary to avert injury to the converting savings institution.
- (12) The proxy statement authorized by G.S. 54B-33 or G.S. 54C-33 may be in summary form, provided the proxy meets the requirements.

The date on which the summary proxy statement is mailed to members shall be deemed the date on which notice is given. Without the prior written consent of the Commissioner of Banks, the meeting of members shall not be held less than 20 days after the date on which the supplemental information statement is mailed to requesting members.

- (13) In the event that the converting institution is establishing a tax-qualified employee stock ownership plan (ESOP) for the benefit of its employees, then notwithstanding the priorities established under Items (2), (4), and (5) of Rule .0311 of this Section, the plan of conversion may provide that the ESOP may purchase up to 10 percent of the aggregate shares offered in the conversion prior to offering shares to eligible account holders, supplemental eligible account holders, or other voting members.
- (14) Eligible account holders shall be divided into two subcategories for purposes of determining the aggregate number of shares of conversion stock allocated to be purchased by account holders in each subcategory: those whose permanent residence is within the market area of the converting institution and those whose permanent residence is outside the market area of the converting institution. A plan of conversion that divides account holders into subcategories shall provide:
 - (a) That each eligible account holder who resides within the applicant's market area shall receive nontransferable subscription rights to purchase a number of shares based on the account holder's qualifying deposit balance up to the maximum purchase limitation established pursuant to Rule .0311(7) of this Section, provided that the aggregate number of shares of conversion stock to be allocated for purchase by eligible account holders within the converting institution's market area shall equal that number of shares (rounded to the nearest whole number) determined by multiplying the total number of shares of stock to be sold in the offering times a fraction the numerator of which is the sum of qualifying deposits held by eligible account holders residing inside the market area and the denominator of which is the sum of all qualifying deposits.
 - (b) That each eligible account holder who resides outside the applicant's market area shall receive nontransferable subscription rights to purchase a number of shares based on the account holder's qualifying deposit balance up to the maximum purchase limitations established pursuant to Rule .0311(7) of this Section, provided that the aggregate number of shares of conversion stock to be allocated for purchase by eligible account holders outside the converting institution's market area shall equal that number of shares (rounded to the nearest whole number) determined by multiplying the total number of shares of stock to be sold in the offering times a fraction the numerator of which is the sum of qualifying deposits held by eligible account holders residing outside the converting institution's market area and the denominator of which is the sum of all qualifying deposits.
 - (c) Within each subcategory, a formula to be used in the event of an oversubscription for the equitable allocation of shares of stock within the subcategory that relates to an eligible account holder's qualifying deposit balance.
 - (d) For the purposes of this Item, a converting institution shall define its "market area" to include each county in which it has an office and may include additional counties contiguous to those counties in which it maintains an office, regardless of whether such counties are in the State of North Carolina.

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04 NCAC 16G .0313 RECORD DATES FOR QUALIFYING DEPOSITS

The amount of the qualifying deposit of an eligible account holder or supplemental eligible account holder shall be the total of the deposit balances in the eligible account holder's or supplemental eligible account holder's deposit accounts in the converting savings institution as of the close of business on the eligibility record date or supplemental eligibility record date. The plan of conversion may provide that any deposit accounts with total deposit balances of less than fifty dollars (\$50.00) shall not constitute a qualifying deposit.

*History Note: Authority G.S. 54C-33; 54C-53;
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04 NCAC 16G .0314 LIQUIDATION ACCOUNT

*History Note: Authority G.S. 54C-33; 54C-53;
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04 NCAC 16G .0315 MANIPULATIVE AND DECEPTIVE DEVICES

In the offer, sale, or purchase of securities issued incident to its conversion, no savings institution, director, executive officer, attorney, agent, or employee shall:

- (1) employ any device, scheme, or artifice to defraud;
- (2) obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances that they were made, not misleading; or
- (3) engage in any act, transaction, practice, or course of business that operates or would operate as a fraud or deceit upon a purchaser or seller.

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04 NCAC 16G .0316 MERGER OF CONVERTED SAVINGS BANKS

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SECTION .0400 - NOTICE OF FILING: PUBLIC STATEMENTS: CONFIDENTIALITY

04 NCAC 16G .0401 INFORMATION PRIOR TO APPROVAL OF PLAN OF CONVERSION

04 NCAC 16G .0402 NOTICE OF FILING

04 NCAC 16G .0403 CONFIDENTIAL INFORMATION

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04 NCAC 16G .0404 INFORMATION PRIOR TO APPROVAL OF PLAN OF CONVERSION

*History Note: Authority G.S. 54C-33; 54C-53;
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04 NCAC 16G .0405 NOTICE OF FILING

(a) Upon determination that an application for conversion is complete, the Commissioner of Banks shall advise the applicant to publish a notice of the filing of the application. The applicant shall publish the notice in a newspaper having general circulation in the community that the home office of the applicant is located, and the notice shall state the following:

**NOTICE OF FILING OF AN APPLICATION FOR CONVERSION
TO A STOCK SAVINGS BANK**

Notice is hereby given that, pursuant to General Statute 54C-33,

_____ (fill in name of applicant)

has filed an application with the Office of the Commissioner of Banks for approval to convert to the stock form of organization. Copies of the application have been delivered to the North Carolina Office of the Commissioner of Banks, 316 W. Edenton Street, Raleigh, North Carolina 27603.

Written comments, including objections to the plan of conversion and materials supporting the objections, from any member of the applicant or aggrieved person shall be considered by the Commissioner of Banks if filed within 14 business days after the date of this notice. Comments or objections shall be sent to the Commissioner of Banks at the address noted above. A copy of the plan may be obtained from the applicant.

(b) After publication of the notice prescribed in Paragraph (a) of this Rule, the applicant shall file a copy of the notice with the Commissioner of Banks. The applicant shall also file a copy of an affidavit of publication from each newspaper publisher.

*History Note: Authority G.S. 54B-33; 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.*

SECTION .0500 - SOLICITATION OF PROXIES: PROXY STATEMENT

- 04 NCAC 16G .0501 SOLICITATIONS TO WHICH RULES APPLY**
- 04 NCAC 16G .0502 USE OF PROXY SOLICITING MATERIAL TO BE AUTHORIZED**
- 04 NCAC 16G .0503 INFORMATION TO BE FURNISHED ASSOCIATION MEMBERS**
- 04 NCAC 16G .0504 REQUIREMENTS AS TO PROXY**
- 04 NCAC 16G .0505 MATERIAL REQUIRED TO BE FILED**
- 04 NCAC 16G .0506 MAILING COMMUNICATIONS FOR ASSOCIATIONS MEMBERS**
- 04 NCAC 16G .0507 FALSE OR MISLEADING STATEMENTS**
- 04 NCAC 16G .0508 PROHIBITION OF CERTAIN SOLICITATIONS**

*History Note: Authority G.S. 54B-33;
Eff. January 1, 1980;
Transferred From With Change 4 NCAC 9I Eff. August 31, 1981;
Amended Eff. September 1, 1983;
Repealed Eff. January 1, 1986.*

04 NCAC 16G .0509 SOLICITATIONS TO WHICH RULES APPLY

This Section applies to every solicitation of a proxy from a member of a savings institution for the meeting that a plan of conversion will be voted upon, except the following:

- (1) any solicitation made otherwise than on behalf of the management of the savings institution where the total number of persons solicited is not more than 50; or
- (2) any solicitation through the medium of a newspaper advertisement that informs members, following approval of the plan of conversion, of a source from which they may obtain copies of a proxy statement, form of proxy, or any other solicitation material and shall contain no more than:
 - (a) name the savings institution;
 - (b) state the reason for the advertisement;
 - (c) identify the proposal or proposals to be acted upon by members; and
 - (d) urge members to vote at the meeting.

History Note: Authority G.S. 54B-33; 54C-33; 54C-53;
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0510 USE OF PROXY SOLICITING MATERIAL TO BE AUTHORIZED

Proxy solicitation material shall not be furnished to members or distributed until the material has been authorized, in writing by the Commissioner of Banks. Proxy solicitation material authorized for use by the Commissioner of Banks shall be mailed to the members within 10 days of authorization or within 10 days of the date that the material is declared effective by the Securities and Exchange Commission, if applicable, whichever is later. The Commissioner of Banks may approve in writing to extend the date upon a showing that adherence to the 10-day rule would cause a hardship upon the savings institution and that the delay would not be disadvantageous to any interested party.

History Note: Authority G.S. 54B-33; 54C-33; 54C-53;
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017; April 15, 1993;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0511 INFORMATION TO BE FURNISHED TO MEMBERS

No solicitation shall be made unless each person solicited is furnished, or has previously been furnished, a written proxy statement that has been authorized by the Commissioner of Banks.

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0512 REQUIREMENTS AS TO PROXY

- (a) The form of proxy shall:
 - (1) indicate in bold face type whether the proxy is solicited on behalf of management;
 - (2) provide blank spaces for dating and signing the proxy;
 - (3) identify each matter or group of related matters intended to be acted upon;
 - (4) be labeled "Revocable Proxy" in bold face type;
 - (5) describe any charter or state law restricting or conditioning voting by proxy;
 - (6) contain an acknowledgement by the person giving the proxy that the person has received a proxy statement prior to signing the form of proxy;
 - (7) contain the date, time, and place of meeting, if practicable;
 - (8) provide, by a box or otherwise, a means whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of each matter intended to be acted upon; and
 - (9) indicate in bold face type how the proxy shall be voted on each matter if no choice is specified.
- (b) No proxy obtained pursuant to the conversion shall confer authority to vote at any meeting other than the meeting, or any adjournment thereof, to vote on the plan of conversion. A proxy may be deemed to confer authority to vote with respect to

matters incident to the conduct of the meeting. If the plan of conversion is considered at an annual meeting, existing proxies may be voted with respect to matters not related to the plan of conversion.

(c) The proxy statement or form of proxy shall provide that the votes represented by the proxy will be voted. Where the person solicited specifies by means of a ballot provided pursuant to Subparagraph (a)(8) of this Rule a choice with respect to any matter to be acted upon, the votes shall be voted in accordance with the specifications. If no choice is specified, the votes shall be cast as indicated in bold face type on the form of proxy.

*History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.*

04 NCAC 16G .0513 MATERIAL REQUIRED TO BE FILED

(a) An applicant shall file a preliminary copy of the proxy materials to be used by the applicant as a part of the application for conversion filed with the Commissioner of Banks.

(b) A copy of the proxy statement, a copy of the form of proxy, and all other solicitation material in the form that the material is furnished to members shall be filed with or mailed for filing to the Commissioner of Banks not later than the date the material is first sent or given to members. All materials filed pursuant to this Paragraph shall be accompanied by a statement of the date that copies of the materials are to be released to members.

(c) All preliminary copies of material filed pursuant to Paragraph (a) of this Rule shall be marked on the cover page "Preliminary Copy." Preliminary copies shall be for the information of the Commissioner of Banks only.

(d) Unless requested by the Commissioner of Banks, copies of replies to inquiries from members and copies of communications that do no more than request that forms of proxy solicited be signed and returned shall not be filed pursuant to this Rule.

(e) Where any proxy statement, form of proxy, or other material filed pursuant to this Rule is amended or revised, a copy of the amended or revised material filed with the Commissioner of Banks shall be marked to indicate all changes effected subsequent to the previous filing, prior to use of the amended or revised material.

*History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017; April 15, 1993;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.*

04 NCAC 16G .0514 MAILING COMMUNICATIONS FOR MEMBERS

*History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.*

04 NCAC 16G .0515 FALSE OR MISLEADING STATEMENTS

(a) Any solicitation of a proxy for the meeting to vote on the plan of conversion by the applicant, its management, or any other person shall not contain written or oral statements, including misleading statements by intentional omission or by misstatement, that when made is false or misleading with respect to any material fact of the conversion.

(b) The fact that a proxy statement, form of proxy, or other solicitation material has been filed with or examined by the Commissioner of Banks and authorized for use shall not be a finding by the Commissioner of Banks that the material is accurate or complete, not false or misleading, or that the Commissioner of Banks has passed upon the merits of or approved any proposal contained therein. No representation to the contrary shall be made by any person.

(c) If a solicitation by management or the applicant violates any provision of this Rule, the Commissioner of Banks may require remedial measures, including:

- (1) correction of any such violation by means of a retraction and new solicitation;
- (2) rescheduling of the meeting for a vote on the plan of conversion; or
- (3) any other actions that are appropriate under the circumstances in order to ensure a fair vote.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0516 PROHIBITION OF CERTAIN SOLICITATIONS

No person soliciting a proxy from a member for the meeting to vote on the plan of conversion shall solicit:

- (1) any undated or post-dated proxy;
- (2) any proxy that provides that it shall be deemed to be dated as of any date subsequent to the date that it is signed by the member;
- (3) any proxy that is not revocable at will by the member giving it; or
- (4) any proxy that is part of any other document or instrument, such as an account card.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

SECTION .0600 - VOTE BY MEMBERS

- 04 NCAC 16G .0601 VOTE AT SPECIAL MEETING**
- 04 NCAC 16G .0602 DETERMINING MEMBERS ELIGIBLE TO VOTE**
- 04 NCAC 16G .0603 NOTICE TO MEMBERS**
- 04 NCAC 16G .0604 REQUIRED VOTE**

History Note: Authority G.S. 54B-33;
Eff. January 1, 1980;
Transferred From 4 NCAC 9I Eff. August 31, 1981;
Amended Eff. September 1, 1983;
Repealed Eff. January 1, 1986.

04 NCAC 16G .0605 NOTICE TO ELIGIBLE AND SUPPLEMENTAL ACCOUNT HOLDERS

History Note: Authority G.S. 54B-33;
Eff. October 1, 1982;
Repealed Eff. January 1, 1986.

- 04 NCAC 16G .0606 VOTE AT MEMBERS MEETING**
- 04 NCAC 16G .0607 NOTICE TO MEMBERS**
- 04 NCAC 16G .0608 ELECTIVE NOTICE TO NON-VOTING ACCOUNT HOLDERS**

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

SECTION .0700 - PRICING AND SALE OF SECURITIES

- 04 NCAC 16G .0701 GENERAL**
- 04 NCAC 16G .0702 DISTRIBUTION OF OFFERING MATERIALS**
- 04 NCAC 16G .0703 ESTIMATED PRICE INFORMATION: PROXY STATEMENTS**
- 04 NCAC 16G .0704 PROHIBITED REPRESENTATIONS**
- 04 NCAC 16G .0705 UNDERWRITING EXPENSES**
- 04 NCAC 16G .0706 PRICING MATERIALS**

04 NCAC 16G .0707 ORDER FORMS FOR PURCHASE OF CAPITAL STOCK
04 NCAC 16G .0708 WITHDRAWAL FROM CERTIFICATE ACCOUNTS
04 NCAC 16G .0709 PERIOD FOR COMPLETION OF SALE

History Note: *Authority G.S. 54B-33;*
 Eff. January 1, 1980;
 Transferred With Change From 4 NCAC 9I Eff. August 31, 1981;
 Amended Eff. September 1, 1983; October 1, 1982;
 Repealed Eff. January 1, 1986.

04 NCAC 16G .0710 INTEREST/SUBSCRIPTION/COMMUNITY PURCHASE ORDERS
04 NCAC 16G .0711 EXTENSIONS OF TIME TO COMPLETE OFFERINGS

History Note: *Authority G.S. 54B-33;*
 Eff. October 1, 1982;
 Amended Eff. September 1, 1983;
 Repealed Eff. January 1, 1986.

04 NCAC 16G .0712 GENERAL

No offer to sell securities of an applicant pursuant to a plan of conversion may be made until the Commissioner of Banks has approved the plan of conversion and authorized the use of the proxy statement. No sale of securities may be made except by means of a final offering circular that meets the requirements of this Section and that has been approved by the Commissioner of Banks. This Rule shall not apply to preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are to be in privity of contract with the applicant.

History Note: *Authority G.S. 54C-33; 54C-53;*
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22,
 2018.

04 NCAC 16G .0713 DISTRIBUTION OF OFFERING MATERIALS

Any preliminary offering circular that has been filed with the Commissioner of Banks may be distributed in connection with the offering at the same time as or after the proxy statement is mailed to members. No final offering circular shall be distributed until it has been approved by the Commissioner of Banks. The approval of the final offering circular by the Commissioner of Banks shall not extend beyond the maximum time period specified for the completion of the sale of all the capital stock, pursuant to Rule .0720 of this Section, or beyond the period of time the Commissioner of Banks shall establish upon a subsequent declaration of effectiveness in the event of the granting of an extension of time pursuant to Rule .0722 of this Section.

History Note: *Authority G.S. 54C-33; 54C-53;*
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22,
 2018.

04 NCAC 16G .0714 ESTIMATED PRICE INFORMATION: PROXY STATEMENTS

History Note: *Authority G.S. 54C-33; 54C-53;*
 Eff. February 15, 1992;
 Repealed Eff. November 1, 2017.

04 NCAC 16G .0715 PROHIBITED REPRESENTATIONS

No representations shall be made in any manner that the price information has been approved by the Commissioner of Banks, that the shares of capital stock sold pursuant to the plan of conversion have been approved or disapproved by the

Commissioner of Banks, or that the Commissioner of Banks has opined on the accuracy or adequacy of any offering circular covering the shares.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0716 UNDERWRITING EXPENSES

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

04 NCAC 16G .0717 PRICING MATERIALS

(a) In considering the pricing information, the Commissioner of Banks shall apply the following guidelines:

- (1) the materials shall be prepared by persons independent of the applicant who are experienced and expert in the area of corporate appraisal;
- (2) the materials shall contain a brief summary of data that is sufficient to support the conclusions reached; and
- (3) to the extent that the appraisal is based on the capitalization of the pro forma income of the converted savings bank, the materials shall indicate the basis for determination of the income to be derived from the proceeds of the sale of stock and demonstrate the appropriateness of the earnings multiple used, including assumptions made as to future earnings growth. To the extent that the appraisal is based on a comparison of the capital stock of the applicant with the outstanding capital stock of existing stock savings banks, the existing stock savings banks shall be comparable to the applicant in terms of such factors as size, market area, competitive conditions, profit history, and expected future earnings.

(b) In addition to the information required in Paragraph (a) of this Rule, the applicant shall submit information demonstrating to the Commissioner of Banks the independence and expertise of any person preparing materials under this Rule. A person shall not be considered as lacking independence for the reason that the person will participate in effecting a sale of capital stock under the plan of conversion or will receive a fee from the applicant for services rendered in connection with the appraisal.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0718 ORDER FORMS FOR PURCHASE OF CAPITAL STOCK

(a) After the Commissioner of Banks has authorized the offering circular for the subscription offering, the applicant shall distribute order forms for the purchase of shares of capital stock in the offering to all eligible account holders, supplemental eligible account holders (if applicable), voting members, and other persons who may subscribe for shares of capital stock under the plan of conversion. If the applicant has adopted in its plan of conversion the optional provisions set forth in Items (4), (5) or (10) of Rule .0312 of this Subchapter, the applicant shall deliver order forms to the eligible account holders, supplemental eligible account holders, and voting members who requested receipt of the offering circular.

(b) Each order form shall be accompanied or preceded by the final offering circular for the subscription offering or the public offering and a set of detailed instructions explaining how to complete the order forms. The offering circular and order form instructions may be included in the same document.

(c) The maximum subscription price stated on each order form shall be the amount to be paid when the order form is returned. The maximum subscription price and the actual subscription price shall be within the subscription price range stated in the offering circular approved by the Commissioner of Banks. If either the maximum subscription price or the actual subscription price is not within the approved subscription price range, the applicant shall obtain the written consent of the Commissioner of Banks for the change in price. Based on the magnitude of the difference the Commissioner of Banks may condition the amended approval by requiring a resolicitation of proxies, order forms, or both. If the actual public offering

price is less than the maximum subscription price stated on the order form, the actual subscription price shall be correspondingly reduced and the difference shall be refunded to those who have paid the maximum subscription price unless the subscribers affirmatively elect to have the difference applied to the purchase of additional shares of capital stock.

(d) Each order form shall be prepared so as to indicate to the person receiving it, in as simple, clear, and intelligible a manner as possible, the actions that are required or available to him or her with respect to the form and the capital stock offered for purchase thereby. Each order form shall:

- (1) indicate the maximum number of shares that may be purchased pursuant to the subscription offering;
- (2) indicate the period of time that the subscription rights must be exercised, which shall not be less than 20 days and no more than 45 days following the date of the mailing of the subscription offering order form;
- (3) state the maximum subscription price per share of capital stock;
- (4) indicate any requirements as to the minimum number of shares of capital stock that must be purchased;
- (5) provide a designated blank space or spaces for indicating the number of shares of capital stock that the eligible account holder or other person wishes to purchase;
- (6) indicate the manner of required payment and, if the payment may be made by withdrawal from a certificate of deposit, indicate that the withdrawal may be made without penalty. If payment is to be made by a withdrawal from a deposit account or certificate of deposit, a box to check shall be provided;
- (7) provide designated blank spaces for dating and signing the order form;
- (8) contain an acknowledgement by the account holder or other person signing the order form that the person has received the final offering circular for the subscription offering prior to signing the order form; and
- (9) indicate the consequences of failing to complete and return the order form, including a statement to which the subscription rights are nontransferable and shall become void at the end of the subscription period. The order form may, and the set of instructions shall, indicate the place or places that the order forms are to be returned and when the order forms shall be deemed to be received.

(e) The order form may provide that it shall not be modified without the applicant's consent after the order form has been returned to the applicant. If payment is to be made by withdrawal from a deposit account or certificate of deposit, the applicant may cause the withdrawal to be made upon receipt of the order form. If the withdrawal is made at any time prior to the closing date of the public offering, the applicant shall pay interest to the account holder on the amount withdrawn as if the amount had remained in the account from which it was withdrawn until the closing date.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0719 WITHDRAWAL FROM CERTIFICATE ACCOUNTS

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

04 NCAC 16G .0720 PERIOD FOR COMPLETION OF SALE

The applicant shall complete all sales of stock within 45 days after the last day of the subscription period, unless the time period is extended as provided in Rule .0722 of this Section.

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0721 INTEREST: SUBSCRIPTION/COMMUNITY PURCHASE ORDERS

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;

Repealed Eff. April 15, 1993.

04 NCAC 16G .0722 EXTENSIONS OF TIME TO COMPLETE OFFERINGS

(a) The applicant may request and the Commissioner of Banks may grant one or more extensions of time required to complete the sale of all shares of capital stock, pursuant to Rule .0720 of this Section, provided that no single extension of time shall exceed 90 days. No extension shall be granted unless the savings institution shows that the circumstances leading to the request for an extension were beyond the control of the savings institution and that the investors who purchased stock during the initial subscription period will not be disadvantaged by the extension.

(b) Upon granting an extension of time pursuant to Paragraph (a) of this Rule, the applicant shall distribute to each subscriber in the offering and, if applicable, to each person who has ordered stock in the direct community offering a post-effective amendment to the offering circular filed under an amendment to the application for conversion and approved by the Commissioner of Banks pursuant to Paragraph (d) of this Rule. The applicant shall notify each subscriber and each ordering person of the extension of time and of the right of each subscriber and each ordering person to increase, decrease, or rescind their subscription at any time prior to 20 days before the end of the extension period or at any time prior to the date of the commencement of the public offering or the direct community offering, provided that the public offering or the direct community offering is not completed within 20 days after its commencement. All instructions from subscribers and ordering persons to increase, decrease, or rescind their subscriptions or orders received during the 20-day offering period shall be honored by the applicant.

(c) For the purpose of this Rule, the public offering shall be deemed to commence upon the filing with the Commissioner of Banks of the preliminary offering circular for the public offering. The direct community offering shall be deemed to commence upon approval by the Commissioner of Banks of the final offering circular.

(d) After the expiration of the subscription rights, the converting savings institution shall file with and have approved by the Commissioner of Banks a post-effective amendment to the offering circular upon the occurrence of any event, circumstance, or change of circumstance that would be material to the investment decision of a subscriber or, if applicable, a person who has ordered capital stock in the direct community offering.

(e) Any post-effective amendment to an offering circular shall be distributed by the converting savings institution within two business days after approval. It shall be distributed to each subscriber, and, if applicable, each person who has ordered stock in the direct community offering. The converting savings institution shall grant to each subscriber and ordering person the right to increase, decrease, or rescind their subscription or order for a period which shall be the greater of 10 days from the date of the mailing of the post-effective amendment or the period remaining in an extension of time granted by the Commissioner of Banks pursuant to the provisions of Paragraph (b) of this Rule.

*History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Amended Eff. November 1, 2017;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.*

SECTION .0800 - PROCEDURAL REQUIREMENTS

04 NCAC 16G .0801	FILING AN APPLICATION FOR CONVERSION
04 NCAC 16G .0802	IMPROPERLY EXECUTED OR MATERIALLY INCOMPLETE FILINGS
04 NCAC 16G .0803	ADDITIONAL FILING REQUIREMENTS
04 NCAC 16G .0804	NUMBER OF COPIES; PLACE OF FILING; BINDING; SIGNATURES
04 NCAC 16G .0805	REQUIREMENTS AS TO PAPER AND PRINTING
04 NCAC 16G .0806	METHOD OF PREPARATION
04 NCAC 16G .0807	INTERPRETATION OF REQUIREMENTS
04 NCAC 16G .0808	ADDITIONAL INFORMATION
04 NCAC 16G .0809	INFORMATION UNKNOWN OR NOT REASONABLY AVAILABLE
04 NCAC 16G .0810	INCORPORATION OF CERTAIN INFORMATION BY REFERENCE
04 NCAC 16G .0811	SUMMARIES OR OUTLINES OF DOCUMENTS
04 NCAC 16G .0812	LEGIBILITY OF MATERIALS
04 NCAC 16G .0813	PRESENTATION OF INFORMATION
04 NCAC 16G .0814	APPLICATION OF AMENDMENTS TO REGULATIONS AND FORMS
04 NCAC 16G .0815	CONSENTS OF EXPERTS

04 NCAC 16G .0816	CONSENTS OF PERSONS ABOUT TO BECOME DIRECTORS
04 NCAC 16G .0817	DATE OF FILING
04 NCAC 16G .0818	AMENDMENTS
04 NCAC 16G .0819	PRE-FILING CONFERENCES WITH APPLICANTS
04 NCAC 16G .0820	REVIEW OF THE COMMISSION ACTION
04 NCAC 16G .0821	POST-CONVERSION REPORTS

History Note: Authority G.S. 54B-33;
 Eff. January 1, 1980;
 Transferred From 4 NCAC 9I Eff. August 31, 1981;
 Amended Eff. September 1, 1983; October 1, 1982;
 Repealed Eff. January 1, 1986.

04 NCAC 16G .0822 IMPROPERLY EXECUTED OR MATERIALLY INCOMPLETE FILINGS

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992;
 Repealed Eff. November 1, 2017.

04 NCAC 16G .0823 ADDITIONAL FILING REQUIREMENTS

An applicant whose plan of conversion has been approved by the Commissioner of Banks shall fulfill the following requirements:

- (1) After the meeting of members called to consider the plan of conversion, the applicant shall file with the Commissioner of Banks a certified copy of each resolution adopted at the meeting relating to the plan of conversion, together with the following information:
 - (a) the total number of votes eligible to be cast;
 - (b) the total number of votes represented in person or by proxy at the meeting;
 - (c) the total number of votes cast in favor of and against each matter; and
 - (d) the percentage of votes necessary to approve each matter.

The compilation of the votes cast at the meeting may be prepared by an independent public accountant or by an independent transfer agent.

- (2) After the meeting of members called to consider the plan of conversion, the applicant shall file with the Commissioner of Banks an opinion of counsel to the effect that:
 - (a) the meeting of members was duly held in accordance with all requirements of applicable State and federal law and regulation;
 - (b) all requirements of State and federal law applicable to the conversion have been complied with; and
 - (c) if the savings bank has used proxies executed prior to the proxy solicitation required by Rule .0511 of this Subchapter, the authority conferred by such proxies includes authority to vote on this plan of conversion.

History Note: Authority G.S. 54C-33; 54C-53;
 Eff. February 15, 1992;
 Amended Eff. November 1, 2017;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. November 22, 2018.

04 NCAC 16G .0824	APPLICATION SIGNATURES
04 NCAC 16G .0825	REQUIREMENTS AS TO PAPER AND PRINTING
04 NCAC 16G .0826	METHOD OF PREPARATION
04 NCAC 16G .0827	INFORMATION UNKNOWN OR NOT REASONABLY AVAILABLE
04 NCAC 16G .0828	INCORPORATION OF CERTAIN INFORMATION BY REFERENCE
04 NCAC 16G .0829	PRESENTATION OF INFORMATION

History Note: Authority G.S. 54C-33; 54C-53;

Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

- 04 NCAC 16G .0830 CONSENT OF EXPERTS**
- 04 NCAC 16G .0831 CONSENT OF PERSONS ABOUT TO BECOME DIRECTORS**
- 04 NCAC 16G .0832 AMENDMENTS**
- 04 NCAC 16G .0833 POST-CONVERSION REPORTS**

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

SECTION .0900 - ACQUISITIONS OF SECURITIES OF CONVERTED ASSOCIATIONS

- 04 NCAC 16G .0901 DEFINITIONS**
- 04 NCAC 16G .0902 PROHIBITED TRANSFERS**
- 04 NCAC 16G .0903 PROHIBITION OF OFFERS AND CERTAIN ACQUISITIONS**
- 04 NCAC 16G .0904 PROHIBITION OF OFFERS TO ACQUIRE AND ACQUISITIONS OF STOCK**
- 04 NCAC 16G .0905 EXCEPTIONS**

History Note: Authority G.S. 54B-33;
Eff. January 1, 1980;
Transferred From 4 NCAC 9I Eff. August 31, 1981;
Amended Eff. December 1, 1984; May 1, 1984; September 1, 1983;
Repealed Eff. January 1, 1986.

- 04 NCAC 16G .0906 CRITERIA FOR DENIAL**
- 04 NCAC 16G .0907 OPTIONAL CHARTER PROVISION**

History Note: Authority G.S. 54B-33;
Eff. September 1, 1983;
Amended Eff. December 1, 1984; May 1, 1984;
Repealed Eff. January 1, 1986.

- 04 NCAC 16G .0908 DEFINITIONS**
- 04 NCAC 16G .0909 PROHIBITED TRANSFERS**
- 04 NCAC 16G .0910 PROHIBITION OF OFFERS AND CERTAIN ACQUISITIONS**
- 04 NCAC 16G .0911 EXCEPTIONS**
- 04 NCAC 16G .0912 CRITERIA FOR DENIAL**

History Note: Authority G.S. 54C-33; 54C-53;
Eff. February 15, 1992;
Repealed Eff. November 1, 2017.

SECTION .1000 - FORMS

- 04 NCAC 16G .1001 FACING SHEET**
- 04 NCAC 16G .1002 FORM AC: APPLICATION FORM**
- 04 NCAC 16G .1003 FORM PS: PROXY STATEMENT**
- 04 NCAC 16G .1004 FORM OC: OFFERING CIRCULAR FORM**

History Note: Authority G.S. 54B-33;
Eff. January 1, 1980;
Transferred From 4 NCAC 9I Eff. August 31, 1981;
Repealed Eff. September 1, 1983.

SECTION .1100 - SALE-OF-CONTROL CONVERSIONS

04 NCAC 16G .1101	DEFINITIONS
04 NCAC 16G .1102	SALE-OF-CONTROL CONVERSION OF AN ASSOCIATION
04 NCAC 16G .1103	ADDITIONAL REQUIREMENTS FOR SALE-OF-CONTROL CONVERSION
04 NCAC 16G .1104	ADDITIONAL NOTICE REQUIREMENTS
04 NCAC 16G .1105	RECORD DATE/NOTICE REQUIREMENTS
04 NCAC 16G .1106	COMPETING SALE-OF-CONTROL OFFERS
04 NCAC 16G .1107	MANAGEMENT'S PROXY/MAILING COMMUNICATIONS FOR PROPONENTS
04 NCAC 16G .1108	ADDITIONAL DISCLOSURE REQUIREMENTS

History Note: Authority G.S. 54B-33;
Eff. September 1, 1983;
Repealed Eff. April 1, 1984.

SECTION .1200 - CONVERSION: MERGERS: ACQUISITIONS

04 NCAC 16G .1201	CONVERSION IN CONNECTION WITH ACQUISITION OR MERGER
04 NCAC 16G .1202	RIGHTS OF MEMBERS

History Note: Authority G.S. 54B-33; 54B-55;
Eff. February 1, 1984;
Repealed Eff. January 1, 1986.

04 NCAC 16G .1203	CONVERSION IN CONNECTION WITH ACQUISITION
04 NCAC 16G .1204	CONVERSION IN CONNECTION WITH MERGER

History Note: Authority G.S. 54C-33; 54C-53; 54C-195;
Eff. February 15, 1992;
Amended Eff. April 15, 1993;
Repealed Eff. November 1, 2017.