

**Sec. 36a-136-40. Repurchase of shares after conversion**

(a) A converted institution shall not repurchase its shares if: (A) The repurchase will reduce its regulatory capital below the amount required for the liquidation account under section 36a-136-37 of the Regulations of Connecticut State Agencies; or (B) the repurchase violates section 36a-111 of the Connecticut General Statutes or any other statute, regulation or agreement with or condition imposed by any regulator.

(b) The restrictions on share repurchases apply to a charitable organization under section 36a-136-44 of the Regulations of Connecticut State Agencies. The converted institution shall aggregate purchases of shares by the charitable organization with its repurchases.

(c) (1) A converted institution shall not repurchase its shares in the first year after the conversion, provided such institution may make (A) repurchases in the open market of up to five per cent of its outstanding stock in extraordinary circumstances, (B) repurchases of qualifying shares of a director or pursuant to an offer made to all shareholders, (C) repurchases to fund management recognition plans that have been ratified by shareholders, or (D) repurchases to fund tax-qualified employee stock benefit plans.

(2) Any request for approval of a repurchase of shares pursuant to section 36a-111 of the Connecticut General Statutes during the first year following conversion shall include (A) the purpose of the repurchases, (B) if applicable, an explanation of the extraordinary circumstances necessitating the repurchases, and (C) any other information required by the commissioner.

(Adopted effective September 7, 2007)