

Federal Reserve Bank of Boston
BANK NOTES

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The July issue of Bank Notes is available online at: www.bostonfed.org/economic/banknote/index.htm.

Mergers and Acquisitions

People's United/Danvers Bancorp

July 1, Bridgeport, Conn.-based People's United Financial Inc. (\$24.96 billion) said that it completed its acquisition of Danvers, Mass.-based Danvers Bancorp Inc. (\$2.77 billion). People's United purchased the 28-branch franchise for approximately 18.5 million shares of common stock and \$214.5 million in cash. (SNL B&T Weekly 7/5/11)

Salem Five/Stoneham Savings Bank

July 8, Salem, Mass.-based Salem Five Bancorp unit Salem Five Cents Savings Bank (\$2.78 billion) entered into a merger agreement with Stoneham, Mass.-based Stoneham Savings Bank (\$366.8 million). Pursuant to the agreement, Salem Five and Stoneham Savings Bank will operate as affiliates under Salem Five. Stoneham Savings Bank will continue to operate under its existing name for three years as a unit of Salem Five Bancorp. Donat Fournier will continue to be CEO of Stoneham Savings Bank. The deal is expected to close in the fourth quarter, subject to regulatory approvals. Subsequent to the closing, the banks will merge their insurance subsidiaries. (SNL B&T Weekly 7/11/11)

Leader Bank/Stoneham Savings Bank

July 11, Arlington, Mass.-based Leader Bank NA announced the completion of the acquisition and transfer of deposit accounts from the Belmont, Mass., branch of Stoneham, Mass.-based Stoneham Savings Bank, effective July 6. Leader Bank is a unit of Leader Bancorp Inc. (SNL B&T Weekly 7/18/11)

Berkshire Hills Bancorp/Legacy Bancorp

July 21, Pittsfield, Mass.-based Berkshire Hills Bancorp Inc. (\$2.89 billion) completed the acquisition of Pittsfield-based Legacy Bancorp Inc., and Berkshire Bank has completed the merger of Legacy Banks, effective July 21. According to a same-day news release, Berkshire Hills has increased its outstanding common stock to about 21

million shares with a market capitalization of more than \$480 million, based on recent trading prices. Common shareholders of Legacy Bancorp will receive 0.56385 share of Berkshire Hills common stock plus \$1.30 in cash for each share of Legacy Bancorp stock. With certain additional considerations, based on Berkshire Hills' \$23.06 closing stock price as of July 20, the estimated value of the merger to Legacy Bancorp shareholders is \$14.45 per share. (SNL B&T Weekly 7/25/11)

Greylock Federal Credit Union/Steinerfilm Employees Federal Credit Union

July 26, Pittsfield, Mass.-based Greylock Federal Credit Union and Williamstown, Mass.-based Steinerfilm Employees Federal Credit Union merged effective July 29. The NCUA granted its approval for the merger. Greylock FCU will assume Steinerfilm Employees FCU's \$290,000 in assets. (SNL B&T Weekly 8/1/11)

Federal Reserve Announcements

Credit score disclosure under Dodd-Frank

July 6, The Federal Reserve Board (Board) and the Federal Trade Commission (FTC) issued final rules to implement the credit score disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. If a credit score is used in setting material terms of credit or in taking adverse action, the statute requires creditors to disclose credit scores and related information to consumers in notices under the Fair Credit Reporting Act (FCRA).

The final rules amend Regulation V (Fair Credit Reporting) to revise the content requirements for risk-based pricing notices, and to add related model forms that reflect the new credit score disclosure requirements. The Board is issuing these final rules jointly with the FTC.

The final rules also amend certain model notices in Regulation B (Equal Credit Opportunity), which combine the adverse action notice requirements for Regulation B and the FCRA, to reflect the new credit score disclosure requirements

The rules under Regulations V and B are effective 30 days after the date of publication in the *Federal Register*, which is expected soon.

FRB posts list of institutions subject to and exempt from interchange fee standards

July 12, The Federal Reserve Board published lists of institutions that are subject to, and exempt from, the debit card interchange fee standards in Regulation II, which implements provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

These lists, available at www.federalreserve.gov/paymentsystems/debitfees.htm, are intended to help payment card networks and others determine which issuers qualify for the statutory exemption from interchange fee standards. The statute exempts any debit card issuer that, together with its affiliates, has assets of less than \$10 billion.

The interchange fee standards become effective on October 1, 2011. The Board plans to update the lists annually.

Reg Q repeal

July 14, The Federal Reserve Board announced the approval of a final rule to repeal its Regulation Q, which

prohibits the payment of interest on demand deposits by institutions that are member banks of the Federal Reserve System.

The final rule implements Section 627 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which repeals Section 19(i) of the Federal Reserve Act in its entirety effective July 21, 2011. The repeal of that section of the Federal Reserve Act on that date eliminates the statutory authority under which the Board established Regulation Q.

The rule also repeals the Board's published interpretation of Regulation Q and removes references to Regulation Q found in the Board's other regulations, interpretations, and commentary.

South Shore Savings Bank joins FRS

Effective July 27, 2011, South Shore Savings Bank, South Weymouth, MA has become a member of the Federal Reserve System.

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