STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Rules Relating to Interstate Bank Application Rules

Statement of Need and Reasonableness

Background

As a result of the abuses that occurred prior to the stock market crash of 1929 and the Great Depression that followed one of the reforms imposed on the banking system was a prohibition against interstate bank operations. Banks were allowed to operate within their home states, except for the few that had been grandfathered in. Branch banking was also prohibited.

In recent years the branch banking prohibitions have begun to disappear or be watered down, especially with the advent of the computerized remote tellers. Of even more recent origin has been a dramatic change in the entire financial industry. What are known as nonbank banks have been created to circumvent the anti-interstate banking prohibition. Nonbank banks are "banks," which because they did not offer one or more of the services, all of which an institution must offer to meet the statutory criteria of a "bank", are not technically banks and therefore not subject to the prohibition against interstate banking.

Traditional banks for all practical purposes found themselves competing on an interstate basis with these nonbank banks without any legal structure for such competition and without their competitors being subject to the same rules and regulations as they were.

In response to this several states, primarily in New England, initially passed laws allowing a form of interstate banking. This was primarily interstate banking limited to a particular geographical region. Only banks within the region could cross state boundaries into other states that were subject to this agreement and were within the specified region. The constitutionality of such arrangements have been challenged but the concept has been upheld.

Legislation attempting to follow the New England pattern was introduced in several recent legislative sessions in Minnesota. None of the initial legislation was successful. Various groups fought the legislation because of their fears, among others, that it would have adverse effects on small community banks and the communities that they serve. There were other concerns but this was one of the most significant.

Legislation which attempted to address the many concerns of the various groups successfully passed the 1986 Session of the Minnesota Legislature as Chapter 339 of The Laws of Minnesota. That legislation described an application process for those who wished to conduct interstate banking in which the applicant

would have to show that they met certain criteria for approval. Those criteria are primarily specified in Minnesota Statutes 1986 section 48.93, subdivision 3 and are as follows:

Subp 3. CRITERIA FOR APPROVAL. Except as otherwise provided by rule of the department, an application filed pursuant to subdivision 1 must contain the following information:

(1) the identity, personal history, business background, and experience of each person by whom or on whose behalf the acquisition is to be made, including his or her material business activities and affiliations during the past five years, and a description of any material pending legal or administrative proceedings in which he or she is a party and any criminal indictment or conviction of that person by a state or federal court;

(2) a statement of assets and liabilities of each person by whom or on whose behalf the acquisition is to be made, as of the end of the fiscal year for each of the five years immediately preceding the date of the notice, together with related statements of income, sources, and application of funds for each of the fiscal years then concluded, all prepared in accordance with generally accepted accounting principles consistently applied, and an interim statement of the assets and liabilities for each person, together with related statements of income, source, and application of funds as of a date not more than 90 days prior to the date of the filing of the notice;

(3) the terms and conditions of the proposed acquisition and the manner in which the acquisition is to be made;

(4) the identity, source, and amount of the funds or other consideration to be used in making the acquisition and if any part of these funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition a description of the transaction, the names of the parties, and any arrangements, agreements, or understandings with those persons;

(5) any plans or proposals which an acquiring party making the acquisition may have to liquidate the bank, to sell its assets or merge it, or make any other major change in its business or corporate structure or management;

(6) the identification af any person employed, retained, or to be compensated by the acquiring party, or by any person on his or her behalf, to make solicitations or recommendations to stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of the employment, retainer, or arrangement for compensation;

(7) copies of all invitations, tenders, or advertisements making tender offers to stockholders for purchase of their stock to be used in connection with the proposed acquisition;

(8) a statement of how the acquisition will bring "net new funds" to Minnesota. The description of net new funds must be filed with the application and annually thereafter stating the amount of capital funds, including the increase in equity capital that will result from the acquisition or establishment of a bank. The level of total equity capital must exceed

$3,000,000 for a new chartered bank and $1,000,000 for an acquired bank. The description must state the net increase in loanable funds expressed as an increase in the total loan to asset ratio of Minnesota loans and assets. The statement must also include a discussion of initial capital investments, loan policy, investment policy, dividend policy, and the general plan of business, including the full range of consumer and business services which will be offered; and

(9) any additional relevant information in the form the commissioner requires by rule or by specific request in connection with any particular notice.

Criteria for disapproval are set forth in subdivision 4 of the same section and are as follows:

Subp. 4. DISAPPROVAL. The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application fails to adequately demonstrate that the acquisition proposal would bring net new funds into Minnesota; or

(4) the application is incomplete or any acquiring party neglects, fails, or refuses to furnish the commissioner all the information required by him or her.

The rules proposed by the department specify what is to be contained in the application. They do not prescribe the action that will be taken on the application once it is submitted. An application under this legislation involves concepts such as net new funds and others which are unique to this legislation and require rules to define. The department determined that the contents of the application, to as great a degree as possible, should be known to anyone contemplating such an acquisition so the initial application might possibly contain all the information needed for the Commissioner to make a decision.

These rules notify the applicants what information they must submit. The statute also contemplates specific requests by the department in addition to what is required by the rule and these rules do contemplate that.

Part 2655.0100. APPLICABILITY AND SCOPE. This section merely recites the statutory scope of the law under which such applications will be submitted.

Part 2655.0200 DEFINITIONS. Because this is a very new concept-the acquisition of banks across state lines-and because the Minnesota law in many ways is unique, various terms used in the law and in the rules need to have a common understanding by all parties. Accordingly even though some of the definitions might appear to be extremely obvious they are included to preclude any later misunderstandings.

Subp. 2. ACQUIREE. This particular definition is one that is quite obvious and identifies the bank or bankholding company that is going to be the subject of the application and is going to attempt to be acquired by the bankholding company located outside the state.

Subp. 3. AFFILIATE. Because the term is used in the statute and in the rules and might have a wide variety of definitions it was determined that exactly what an affiliate was needed to be defined. Accordingly the tax laws and other laws were looked to to see what might be a common understanding of someone affiliated with another. The concepts of direct or indirect control or beneficial ownership was found in these areas and 10% was a common factor in determining the threshold for such status. People under that level would not have a significant enough impact on the activities of the entities for which they are affiliated to come within the definition. Those above it might be able to significantly affect the activities of the entity to which they are connected.

Subp. 4. ALTERNATE ENERGY LOAN and ALTERNATE CONSERVATION LOAN. The terms alternate energy loan and alternate conservation loans are used in regard to the applications. Since there is a definition of such types of loans found in Minnesota statutes section 116M.03, subd. 26 and there is no indication whatsoever that anyone had a definition other than that in mind this incorporates by reference that definition.

Subp. 5. APPLICANT. Once again we have an obvious definition included for the purpose of being perfectly clear as to the meaning. An applicant being of course the entity that is actually applying under the Minnesota Reciprocal Interstate Banking Act to acquire a Minnesota bank or bankholding company.

Subp. 6. CONTROL. Control is a significant concept in regard to acquiring anything. At what point does an ownership interest become control to the point of directing the activities of the institution. This concept is found in securities laws and elsewhere both on the State and Federal level. Accordingly it was deemed necessary to make sure there was a common concept of that in regard to this particular set of regulations. As the statute contains a very precise definition it was repeated in this rule. The idea of repeating a statutory definition being that the rules would include all of the items necessary to complete an application and would not require reference back and forth between the statutes and the rules.

Subp. 7. COMMISSIONER. Commissioner once repeats the statutory definition.

Subp. 8. COMMUNITY. The concept that the acquired institution and the impact of the acquisition should be measured or should involve the community in which it serves is part of the statute. Accordingly having a definition of what that community would be was deemed to be prudent. This would avoid any later disputes as to what the area of impact of the acquisition would be.

As there is presently a concept of a service area or community found in Federal law that many of the institutions involved would already be subject to it was deemed appropriate to define "community" in the same manner so that we would not be creating a new and different measuring area that would be a new burden upon the institutions. Also many of these institutions, as a regular matter, keeps statistics and other information pertaining to this existing concept of the area to show compliance with the Federal law. As most institutions would not expect to be acquired and therefore might not be keeping statistics on some other kind of defined area. Statistics would be readily available using the existing concept where the others might not be. Accordingly this is the most useful measuring device the Department has found.

Subp. 9. COMMUNITY DEVELOPMENT CORPORATION. Once again because the concept of community development corporation is found elsewhere in statute, in this case Minnesota statute section 116M.04, and there is no indication that there is need for a new definition or of an intent by the Legislature that a new definition was required that definition was adopted by reference.

Subp. 10. DEVELOPMENTAL LOANS. Developmental loans are used in the statute and this definition as to items A through G, repeats the statutory criteria. Item H is a slight modification on the statutory language in that it references a specific existing statutory means of determining social or economically disadvantaged persons, projects, or businesses which already exists and therefore does not require creating a new and independent system to do exactly the same thing.

Subp. 11. DEVELOPMENTAL INVESTMENTS. Because the developmental investments will be part of what needs to be considered in determining the impact of the acquisition on the state and community a definition was deemed to be necessary. Because developmental investments and developmental loans both would impact upon the same area and have the same conceptual basis it was deemed appropriate to define them in reference to the same groups and categories as developmental loans.

Subp. 12. DISTRESSED AREA. Distressed area is one of the concepts used in regard to any application. Since the concept is already found in Federal law and is commonly used by a variety of people, it was deemed appropriate and more

expeditious to use the criteria specified in the Federal law. In many instances such a designation may already exist for an area under Federal Law. This was deemed more appropriate than creating a new definition and creating the need for an independent determination by the Department of Commerce of what is a distressed area.

Subp. 13. EQUITY CAPITAL. Once again while this may seem to be a very obvious definition the fact that equity capital must be reviewed in regard to the application it was deemed appropriate to specifically define what it is so that everyone would know what is involved. This is a very straight forward and commonly accepted definition of what equity capital would be.

Subp. 14. FAMILY FARMERS. As family farmers are one of the groups that are used in respect to the categories used to define developmental loans and developmental investments and as that concept may have a variety of meanings it was deemed appropriate to follow the definition already found in Minnesota statute section 500.24 rather than creating a new one. The existing definition has been used for some time and appears to work effectively in defining what the Legislature intended as family farms.

Subp. 15. INVESTMENTS. While this may seem to be an obvious definition it was included to be clear that investments are limited to only funds or capital extended, contributed or invested but not loaned. The qualification "but not loaned" is important to make it clear that there is a difference between loans and investments and that they cannot be used interchangeably.

Subp. 16. LOW AND MODERATE INCOME HOUSING. Since loans and investments in this area are criteria that can be used for determining developmental loans and investments it was necessary to define this. Once again existing regulations were looked to for those definitions since they have a common and well known usage and many projects are already defined in regard to them. They require no further definition by the Department.

Subp. 17. MINNESOTA LOAN. One of the concepts found in the statute is the benefit to the State of Minnesota of the acquisition. It is therefore important to determine that the loans that are being made are being made in a manner that would benefit the state. Many different concepts were reviewed and discussions regarding them occurred including the ability to enforce the concepts or to confirm that they were being complied with. As a result it was determined that the most effective way of determining whether the State benefitted was to measure the loans in Minnesota. What a Minnesota loan was needed to be determined. This definition makes it clear that Minnesota loans are loans to Minnesota residents to be used in Minnesota or if that criteria cannot be met that the loan proceeds will be used in Minnesota. This means that the benefit will stay in Minnesota which is the intent of the statute.

Subp. 18. MINNESOTA RESIDENTS. Once the definition of Minnesota loan was determined than who a Minnesota resident was needed to be determined. Accordingly various criteria were established as the acceptable means of identifying exactly who those people were.

Subp. 19. MINORITY OWNED BUSINESSES AND WOMEN OWNED BUSINESSES. Minority owned businesses and women owned businesses are among the groups that are considered in regard to developmental loans and developmental investments. As there is a definition in existence as to who these businesses are it was incorporated by reference with the added clarification that control must be at least 50% by these groups in order to qualify.

Subp. 20. NET NEW FUNDS. Net new funds is a unique concept found throughout the bill and is very significant criteria as to what the commissioner must look for in reviewing the application and approving or disapproving it but is not specifically defined. Accordingly to be clear as to what net new funds are a definition was proposed in the rules. This is a rather straight forward definition and may seem to be a commonly understood concept but it was felt important to be specific and state that net new funds are an increase in lending, investment and credit involvement but not anything further and also that it was clear that all of these items could be used in showing what net new funds are actually involved in the application.

Subp. 21. RELEVANT MARKET AREA. The relevant market area the application will affect must be determined. Again rather than create a new standard a standard which has already been established by the Federal Reserve Board is being used since it is an existing standard that is already commonly understood.

2655.0300. APPLICATION. This section sets forth the contents of application.

Subpart 1. ATTACHMENTS. Various attachments are required some of them may appear to be technical and mundane but are necessary to make sure that the application is as complete as possible and provides adequate information for a proper review. Where possible, documents or information created within the current regulatory structure are used to reduce the cost and difficulty of producing the information. The fullest disclosure necessary for an adequate review of the application is contemplated. While the commissioner needs the informtion for his or her review this informtion is equally useful for the public in their involvement in the application process. Information that may be mundane to the commissioner may be highly informative to the public and inpact on this view of the application. Therefore the fullest discosure practical is contemplated.

Item A requires proof that in fact the application is authorized to be submitted and that the people submitting it have the authority to make the representations found in it. This clearly binds the entity applying to the representations made on its behalf in the application.

Item B. The report of the bankholding company inspection is a document created within the existing regulatory structure that provides a significant amount of pertinent information that will be used in the application review. As it is created independently of the applicant it has a very significant degree of authority and it is an extremely useful document in reviewing the application.

Item C. So that the application is complete as to all matters that have gone on in the representations made in regard to the acquisition of the bank or bankholding company, a complete showing of all invitation, tenders or advertisements are required to make sure that the commissioner is fully informed as to what has been represented and what the expectations of the parties are.

Item D. In the same regard a copy of all the acquisition agreements is pertinent for a full disclosure of what is intended and what undertakings the applicant or acquiree have made in regard to the acquisition that may impact upon the commissioner's approval or disapproval.

Item E. An organizational chart is basic information for the commissioner and others reviewing the application to make sure that there is full understanding of the structure involved.

Items F and G. A copy of the consolidated report and the pro forma balance sheet again are financial documents necessary to evaluate the applicant and the representations being made in the application.

Item H. The names and addresses of the board of directors is necessary as they will be the operators of the institution. Who they are and their abilities are significant factors in evaluating the application. They should be known to the greatest extent possible and their impact on the application assessed by the commissioner when reviewing the application.

Item I. If a bankholding company in Minnesota is being acquired the application should list all of its subsidiaries so that the impact upon the State of Minnesota of the acquisition of these various entities can be considered in reviewing the application. As these subsidiaries are not always known to the Commission the applicant is charged with providing this informtion.

Item J. This item repeats the statutory power of the commissioner as stated in Minnesota statute section 48.93 subd. 3 (9) and elsewhere to either by rule or by specific request

demand additional information. While this particular recitation might appear inappropriate to be included as a rule under the usual rulemaking authority because it gives discretion to the commissioner, the statute has already given the commissioner that discretion and for the purposes stated previously, namely to make sure that all of the criteria for an application are located in the rules whether stated in the statute or generated by the rule, the statutory authorization of the commissioner to act in this manner is repeated here.

Subp. 2. INFORMATION.

Items A-K. Information regarding the applicant and acquiree pre and post acquisition status is required which in many cases seems rather obvious. Such requirements would be the name and address of the applicant, the name and address of the acquiree and then a listing of all of the stockholders who control 10% or more of the stock of the acquiree and the total number of those type of shares either presently held by them or to be in any way affected by this transaction. This information identifies who the parties are and who has effective control of the entities involved. Thus the commissioner can evaluate who will either be in control or who will lose control as a result of this transaction. The character and the expertise of these people may well be a consideration in the approval of the application and should be known. Information such as the total number of shares of voting stock, total number of shares and the consideration for the transaction may seem obvious requirements but are also specified so that as complete a list as possible is provided of the information that the commissioner needs to review. This makes it easier to have all the information provided at the time of initial application avoiding a process of having to request the additional information after the application is filed, with the delays that generates.

Item L. This requires background information on the applicant and its affiliates that would allow the commissioner to evaluate them and their affiliates in respect to the application. The capability of the owners or operators after acquisition may be as important as their financial status.

Item M. This is a further exposition of the type of information on the people that will be involved in the transaction that Item L begins to assemble with particular attention to criminal proceedings.

Item N. Item N requires a basic statement of the assets of the applicant for particular time periods. The financial ability of the applicant is an important factor in the evaluation of the application and this Item specifies some of the most basic information in that area for the last 5 years.

Items O-T. These are financial information requirements that will explain to the commissioner various facts as to source of funds or funds already in place that will be involved in the transaction and other information such as the interest to be

paid and the like that would effect the liability of the institutions involved the transaction. Generally this information will help give a picture of the transaction and the result upon the entities after the acquisition is completed so the viability of the entities after the acquisition can be evaluated.

Item U. This is a general requirement explaining what I have previously identified as a critical factor in the application. That is how the transaction will bring net new funds into Minnesota. The manner in which this is presented is described in this section. This would set the norm for explaining how new new funds are to be demonstrated.

Item V. Decreased competition was a major reason for the opposition of many of the most steadfast opponents of the bill. Accordingly, one of the criteria for disapproval, in addition to unsatisfactory financial conditions, is an undue concentration of resources or lessening of competition. Therefore the application must contain an explanation of how that will not occur.

Item W. As developmental loans and investments are one of the criteria that the applicant needs to show positive aspects in regard to to gain approval, an explanation of how that will be accomplished is required.

Item X. An expansion of W, with the caveat that it actually describes the developmental loans or investments.

Item Y. Once again this is a restatement of the fact that the commissioner, by statute, can require more information even if not specified in the rule.

Part 2655.0400 DEVELOPMENTAL LOANS.

Subpart 1. MANDATORY FACTORS. As developmental loans are one of the criteria to be used in evaluating the application what the commissioner will consider and how they are to be measured is something that was deemed to be so important that they should set forth in the rule, this allows the applicant to structure the information to be provided in the application in such a manner as would be the most useful for the commissioner in the evaluation of the application. Accordingly the periods of time for which the commissioner will be reviewing developmental loans, namely the fiscal quarter immediately prior to the date of application and the two fiscal years applying to the application are set forth so that the information can be provided in that particular form. If this was not specified the commissioner would either have to extrapolate that information from whatever is provided or request it at a later time.

Items B-J set forth a variety of criteria that the commissioner must evaluate. These criteria are a restatement of the various items that are found in the statute that must be

considered by the commissioner for approval or disapproval but restated in a manner that is more specific as to periods of time and to certain groups or categories. General requirements found in the statute are made more specific and are itemized. In some cases they are even slightly expanded upon for the purposes of being more specific but what is required here is basically what is specified in the statute that the commissioner consider.

Subp. 2. PERMISSIVE FACTORS. This subpart is a recognition that all factors that would be important to the consideration may not always be found in what the statute has specifically referenced or that has been determined at this time as necessary criteria to be evaluated. The statutory scheme well recognizes that by giving the commissioner the discretion to request additional information. The factors are just several of the items that during the discussions in regard to the rules various people indicated that they would like to be able to bring to the commissioner's attention as was appropriate. Once again while the statute while the statute through its delegation of discretionary authority already would give the commissioner the power to consider these factors it was felt appropriate to put people on notice that the commissioner would be looking at these particular items and that it was not a limitation on the part of the applicant to just enumerate the mandatory itemsit was felt useful to give examples of additional information that it was thought might be pertinent.

Part 2655.0500
Subpart 1. NET NEW FUNDS. Once again it should be stated that net new funds is a critical concept to the application. How net new funds would be determined and in some cases the establishment of a base period so that the provision of the statute that would allow for the divestiture if the statute is not complied with by the acquiring institution after approval of the aaplication was considered necessary. Accordingly and once again so that everyone would know exactly how this is to be demonstrated and the form the information should be submitted, a list of what information the commissioner would like to have and for the periods of time is specified. The time periods as specified in subpart 1 and the various categories that are to be disclosed are then set forth in items A-M of subpart 1. All of the factors involved such as loan to asset ratios and loan to deposit ratios are matters that are already understood and generally available to the various banking institutions. In many cases they have to be provided for compliance with other regulations, both State and Federal. In this particular instance there is a difference in some of the requirements because they do require a specific Minnesota type of disclosure as differentiated from the institution's general information on the subject which may encompass more than the State of Minnesota. This differentiation is especially important because of the clear statutory intent to allow interstate acquisitions

only if there is a showing that there is a benefit to the State of Minnesota and that it does not result in any kind of a detriment.

Subp. 2. ACQUIREE: COMMUNITY ERRONOUS FUTURE. Additional factors to be considered are set forth. Many of the preceding discussions in regard to the contents of the application and definitions have discussed the need for these items of information. Inquiries as to financial condition on the specified dates is an obvious requirement. This assures that there are both base points for measuring compliance. The also allowance evaluation by the commissioner as to whether or not the acquiring institution is of sufficient quality or whether there would be a need for the acquiree to be acquired because of its deteriorating financial consideration. Other factors than that of course could be indicated by this information but these would be two examples.

The community and the impact upon the community of the acquisition are important considerations in the application. The nature of developmental loans and who they can be made to and how well the bank being acquired is presently serving the community and how well it will serve it after it is acquired are critical factors in the review. Obviously the commissioner needs to know something about the community and the acquiree and they are specified in this subpart Item E is another factor that the commissioner must be aware of in order to evaluate the impact of the acquisition on the state and the community involved. In certain respects it is likely to be a reiteration of information already provided but in a more specific and consolidated manner. It is a broadly drawn requirement which in effect spell out what the projected result of the acquisition will be as to the acquiree and the community.

Subp. 3. AFFILIATED BANK. The purpose for subpart 3 is quite accurately explained in the first paragraph. Namely to determine whether the applicant will actively participate in the community. Therefore the activities of the applicant need to be reviewed. It is presumed that the past actions of applicant are a good indication of what it's future course of action would be. Accordingly information on deposits, loans, equity and how the loans relate to deposits in the banks own community are required That is then contrasted with loans and deposit outside of that community. This would indicate the level of involvment of the acquiring institution in its current communities.

Subp. 4. ADDITIONAL FACTORS. Additional information that the commissioner shall consider in reviewing the application are set forth. All of these items are factors that were brought up in discussions with the various groups involved in the discussion on the rule. These were factors in addition to the criteria already mentioned that could give an indication that the intent of the Legislature would be met by this acquisition. As the intent behind the statute and the various criteria set forth is to get as full a measure as possible of the effect, be it

beneficial or otherwise, on the community and the state as a whole by the possible acquisition, consideration of additional factors is something to be encouraged rather that discouraged. Once again it was thought prudent to mention as many of these things in the rules as possible to at least bring the possibility they could submit those items to the attention of the applicant rather than leaving a generalized statement such as "any other information that may be deemed appropriate" for the applicant to rely on.

Part 2655.0600 NOTICE. The publication requirement is a part of the statute (section 498.98 subd. 2) with certain additional requirements such as the notice to other commercial banks within a 3 mile radius. The intent is to encourage the public participation that the statute so obviously wants. Details such as how publication is to be proved and how the mailing is to be proved are set forth in the rules as well. They are consistent with what similar requirements are in other situations in which such proof must be filed so that community understood practice are followed. Once again the content of the application is spelled out so that the requirements be are easy to comply with merely by following the rule. Failure to set forth the requirements on an application notice might lead to an inadvertant rejection of the application because of a small technical failure in the information to be published. Most of the contents of the application are extrapolated from the language of the statute.

The format specified in subdivision 5 adopts one used in a type of application that everyone in the banking industry is familiar with. It once again attempts to as much as possible use existing structures and not create new and necessary requirements.

It should be noted that the intent of these rules is primarily to define what is in the application, to specify the form in which it is submitted and to direct people as to the factors the commissioner will consider or may consider in reviewing the application so that the application can be presented in the best manner possible and the application considered in the most expeditious manner. This also makes it easier for the public or other concerned parties who would be reviewing the application to have one document and conforming material to review rather than a thick and extensive file generated by continued requests for more information by the Department.

Small Business Consideration

In reviewing these rules it was determined that because of the very criteria for who can be involved in acquisitions none of the parties involved would likely come within the classification of small business. Small businesses of course will be affected by any acquisition of the bank in their community. Accordingly the statute has already provided for their protection in the review process itself to prove that there will be a net benefit

to the community and additionally that there will be adequate notice to everyone that would chose to participate. As the impact will be different on each small business it would at that point be there responsibility to represent to the commissioner how the acquisition would affect them individually. The notice requirement and the review by the commissioner of the statutory requirements were determined to as adequately protect those small businesses as would be involved as would be possible and would not impose an unduly burdensome requirement.

The other factors described in Minnesota Statutes § 14.115, subd. 2 were reviewed as the statute is fairly specific as to the standards to be met and the rules merely describe the contents of the application it was felt that the interests of small businesses, if any are subject to the rules, are already protected to the extent consistent with the statutory requirements.