§ 447-b. Formation of a mutual holding company. 1. The plan of reorganization may authorize the formation of a mutual holding company by:

(a) (i) the organization by the mutual holding company of a stock savings and loan association subsidiary and the transferal to such stock savings and loan association of the substantial part of its assets and liabilities, including all of its deposit liabilities, in accordance with general regulations promulgated by the superintendent of financial services;

(ii) the organization by the mutual savings and loan association of a mutual holding company and the organization by such mutual holding company of a stock savings and loan association subsidiary which merges with the mutual savings and loan association; or

(iii) the reorganization of the mutual savings and loan association under any other method approved pursuant to general or specific regulations promulgated by the superintendent of financial services.

(b) For the purposes of paragraph (a) of this subdivision, such regulations shall permit the stock savings and loan association to issue to persons other than the mutual holding company of which it is a subsidiary an amount of common stock and securities convertible into common stock which in the aggregate does not exceed forty-nine per centum of the issued and outstanding common stock of such stock savings and loan association, provided that if a mutual holding company which owns all of the common stock and securities convertible into common stock of its savings and loan association subsidiary subsequently determines to make such an issuance it shall pay a fee as prescribed pursuant to section eighteen-a of this chapter. Issued and outstanding securities that are convertible into common stock shall be considered issued and outstanding common stock for the purposes of computing the forty-nine per centum limitation. This paragraph shall not limit the authority of such stock savings and loan association to issue equity or debt securities other than common stock and securities convertible into common stock.

2. In connection with the reorganization of a mutual savings and loan association as provided in section four hundred forty-seven of this article, the mutual holding company may retain or acquire assets of the

mutual savings and loan association to the extent that such assets are not then required to be transferred to or retained by the stock savings and loan association in order to satisfy capital or reserve requirements of any applicable state or federal law or regulation.

3. A stock savings and loan association, at least fifty-one per centum but less than one hundred per centum of the outstanding common stock of which is owned by a mutual holding company shall have at least one director, but no more than two-fifths of its directors, who are "unaffiliated directors" who shall represent the interests of the minority shareholders. An "unaffiliated director" is a director who is not (a) an officer or employee of the stock savings and loan association (or any affiliate thereof) or (b) an officer, trustee, director or employee of the mutual holding company. If the organization certificate or bylaws of the stock savings and loan association provide that the board of directors shall be divided into two or more classes, then to the extent possible, each class shall contain the same number of unaffiliated directors as each other class.