

OFFICE OF THRIFT SUPERVISION

**APPROVAL OF APPLICATIONS FOR PERMISSION TO
ORGANIZE A FEDERAL SAVINGS BANK AND
HOLDING COMPANY ACQUISITION**

Order No.: 2000-42
Date: May 5, 2000

Marsh & McLennan Companies, Inc., New York, New York, and MMC Bancorp, Framingham, Massachusetts, (collectively, the Applicants), have applied for approval of the Office of Thrift Supervision (the OTS) pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire @Bank, Framingham, Massachusetts (the Savings Bank) (collectively, the Applications). The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1, and 574.7 and under the Community Reinvestment Act (the CRA), 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered a digest prepared by the OTS Northeast Regional Office (Regional Office), an analysis by the Office of Examination and Supervision and a legal opinion by the Business Transactions Division (collectively the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy all applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Applicants and the Savings Bank must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicants, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;

4. The Applicants and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must submit annual independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants), and in particular, those pertaining to cross-marketing of products of the Savings Bank and its affiliates, for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented with a copy to the FDIC Regional Office. The Savings Bank must submit to the Regional Office quarterly variance reports on the business plan for the first three years of its operations;
7. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants or affiliates thereof or have otherwise been determined by the Regional Director to lack sufficient independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicants or any affiliate and who is not an officer or employee of the Savings Bank or has otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the audit committee established by the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Applicants or any affiliates or have otherwise been determined by the Regional Director to lack sufficient independence. If compliance with this condition involves the selection of additional directors, each director must receive the prior, written approval of the Regional Director;
8. For three years following the date of consummation of the proposed transaction, the Savings Bank must receive the prior, written non-objection of the Regional Director for any proposed appointment of any executive officers or directors;
9. For one year following the date of consummation of the proposed transaction, any incentive plan or employment agreement, not previously submitted to the OTS, must be submitted to the Regional Director for his prior, written non-objection;
10. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;

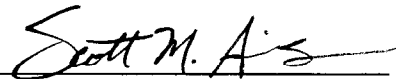
11. The Applicants, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director prior to engaging in such arrangements;
12. Prior to opening for business, the Savings Bank must provide evidence to the Regional Director that an independent security review and test of its Internet banking platform has been performed. This review must be conducted by an independent computer security specialist (Reviewer) and must include testing to determine the adequacy of protection against unauthorized external access, including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access. In addition, the review must assess the adequacy of internal security. The Reviewer must confirm, in writing, that security measures, including the firewall, have been satisfactorily implemented and tested. The report must critique the effectiveness of security policies and controls and confirm, with reasonable certainty, that unauthorized internal or external data and network access or access attempts are detected and recorded. The Savings Bank must agree that it will attempt to correct all deficiencies noted in the report within a reasonable amount of time. In addition, the Savings Bank must perform such a review prior to the initial implementation of any subsequent Internet service delivery providers and provide the report to the Regional Director. These reviews are subject to any additional standards or requirements set by the Regional Director, including prior OTS review of the qualifications of the independent computer security specialists;
13. Before the Savings Bank's customers may transfer directly from the Savings Bank's web site to another web site selling financial products, the Savings Bank must submit copies of all proposed web site disclosures and any policies regarding such disclosures for the review and non-objection of the Regional Director. This information must be submitted at least 30 calendar days prior to the desired implementation date;
14. Within 60 calendar days after opening for business, the Savings Bank must submit to the Regional Director for review and non-objection a comprehensive business contingency plan detailing the manner in which the Savings Bank will operate under scenarios in which market conditions differ significantly from those projected in the business plan. The contingency plan must consider potential adverse scenarios relating to asset and liability composition, interest rates, operating expenses, marketing costs and growth rates;
15. A majority of the Savings Bank's board of directors must not be comprised of individuals who are directors or employees of any affiliate of the Savings Bank that engages in broker, dealer, investment company, investment advisor or securities brokerage activities (Securities Affiliate(s)); and

16. The Savings Bank and any Securities Affiliate are prohibited from sharing common officers unless prior written approval is obtained from the Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

May 5, 2000.



Scott M. Albinson
Managing Director
Office of Supervision