

Preliminary Conditional Approval

[OCC LOGO]

Date

Name of Spokesperson
Name of Bank (Proposed)
Address
City, State, ZIP Code

Re: Application Description, CAIS Control Number

Dear Mr./Ms. (Name):

[Insert (A), (B) or (C)]

(A) [Preliminary conditional approval for a standard commercial bank]

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of (*name of proposed bank*) (proposed Bank). On (*approval date*), the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. [If applicable] Your request(s) for (*list any other type of application for example, trust powers, a branch, or an operating subsidiary*) is/are also (*approved/ conditionally approved*).

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC).

(B) [Preliminary conditional approval for an uninsured trust bank]

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national trust bank, which will engage solely in fiduciary activities, with the title of (*name of proposed bank*) (proposed Bank). On (*approval date*), the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. [If applicable] Your request(s) for (*list any other type of application*) also is/are (*approved/conditionally approved*).

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank's representatives. We also made our decision to grant preliminary conditional

approval with the understanding that the proposed Bank will apply for Federal Reserve membership.

(C) [Preliminary conditional approval for an insured specialty bank — for example, credit card bank, CEBA credit card bank, cash management bank, community development bank, or bankers’ bank]

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national (credit card bank, CEBA credit card bank, bank with a community development focus, cash management bank, or bankers’ bank) with the title of (*name of proposed bank*) (proposed Bank). On (*approval date*), the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. [If applicable] Your request(s) for (*list any other type of application*) also is/are (*approved/ conditionally approved*).

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank’s representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC).

[For all charters]

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

[For all charters — standard and special conditions]

This preliminary conditional approval is subject to the following condition(s):

[List conditions. Conditions listed must be subject to 12 USC 1818 and will remain in effect after opening. Number each condition in sequential order.]

[For all charters — standard conditions]

1. The Bank: (i) shall give the (*insert the appropriate OCC supervisory office*) at least sixty (60) days prior written notice of the Bank’s intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC’s written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank’s notice. [For Insured Charters Only insert: “For the first three years of operation, the Bank also must provide a copy of such written notice to the FDIC’s

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

(insert the appropriate regional FDIC supervisory office).]

[If applicable — list standard conditions for trust banks and any special conditions imposed on the specific charter]

- 2.
- 3.
- 4.

[For all uninsured trust banks]

- (#). Bank shall maintain a minimum of $\$(amount)$ million in Tier 1 capital at all times. If the Bank fails to maintain Tier 1 capital in the amount of $\$(amount)$ million, the Bank shall be deemed “undercapitalized,” for purposes of 12 USC 1831o and 12 CFR 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 USC 1831o and 12 CFR 6 applicable to an undercapitalized national bank. For purposes of 12 USC 1831o(e)(5), an action “necessary to carry out the purpose of this section” shall include restoration of the Bank’s capital so that it is not “undercapitalized,” and any other action deemed advisable by the OCC to address the Bank’s capital deficiency or the safety and soundness of its operations.

[For independent, uninsured trust banks]

- (#). The Bank must maintain on file on its premises current financial information on the parent company (e.g., audited financial reports, quarterly financial statements, 10-K and 10-Q reports as appropriate). The financial information must be provided to the Bank’s OCC supervisory office once it becomes available.

[For all charters, after all conditions are listed]

These conditions of approval are conditions “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

[For uninsured trust banks]

The OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change in our policy as a result of the review, we will advise you accordingly. In addition, if the Bank’s future assets under management increase significantly, or if the Bank assumes additional risk, the OCC may conclude that increased capital is required.

[For all charters, except existing BHC-sponsored charter applications:]

The Bank’s initial paid-in capital, net of all organizational and preopening expenses, shall be no less than $\$(amount)$ million. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised

within 12 months or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

[If applicable — for Federal Reserve approval on related application]

Final approval will not be granted until and unless the Federal Reserve acts favorably on your application to acquire the Bank. You must furnish the OCC with a copy of all related filings to the Federal Reserve, including registration material. Send this information to *(title/name)* in our *(insert appropriate OCC office)*.

[If National Environmental Policy Act or National Historic Preservation Act concerns exist, the OCC's NEPA/NHPA Specialist will provide specific language to address the concerns.]

(Insert NEPA/NHPA language, if applicable)

[For all charters]

The OCC poses no objection to the following person(s) serving as executive officer(s), directors, and/or organizers as proposed in the application:

[List executive officers, directors, and organizers by title and the person's name]

Name

Title

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file an Interagency Biographical and Financial Report with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

[If applicable — pending background checks]

Background checks requested by the OCC have not been received yet from *(insert appropriate number)* sources for *(insert name)*. Accordingly, the continued service of *(insert name)* will be dependent on satisfactory completion of the background investigation process.

[If applicable — waiver of residency requirements]

The OCC also granted your request to waive the residency requirements of 12 USC 72 for *(insert name)* to serve as a member of the board of directors of the Bank. This waiver is granted based upon a review of all available information, including the filing and any subsequent correspondence and telephone

conversations, and the Bank's representation that this waiver will not affect the board's responsibility to direct the Bank's operations in a safe, sound, and legal manner. The OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

[If applicable – waiver of citizenship qualifications]

The OCC also granted your request to waive the citizenship requirements of 12 USC 72 for *(insert name)* to serve as a member of the board of directors of the Bank. This waiver is based upon a review of all available information, including the filing, subsequent correspondence and telephone conversations, and the Bank's representation that this waiver will not affect the board's responsibility to direct the Bank's operations in a safe and sound manner. The OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

[If applicable — limited purpose designation for CRA requirements]

On *(approval date)*, the OCC approved your request for the Bank's designation as a limited purpose institution for purposes of the Community Reinvestment Act (CRA). The limited purpose designation is effective the date the bank opens for business. A separate letter confirming your request *(is enclosed/will be sent/was sent)* confirming this approval. You should submit a CRA plan to *(title/name)* in our *(insert appropriate OCC office)* for review.

[For all charters]

The "Charters" booklet in the *Comptroller's Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC's web site: <http://www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf>. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence [*delete "establish the corporate existence" if the Bank chose to raise capital prior to preliminary approval and has already established its corporate existence*] of and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to *(title/name)* in this office for our review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of banking (*Or, for a trust bank, "engage in fiduciary activities"*) until it fulfills all requirements for a bank in organization and the OCC grants final approval.

[Optional paragraph for all charters used at the discretion of the licensing manager]

After reading the instructions for the organization of a new national bank, it is suggested that the spokesperson or other designated representative consult with *(title/name)* at *(telephone number)* to discuss the organization process. The OCC believes that such a meeting can contribute to a more efficient and effective organization process and help avoid common mistakes that have delayed or prevented other banks from opening.

Enclosed are standard requirements and minimum policies and procedures for new national banks. The Bank must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

[Special Preopening Requirements -- if applicable]

In addition to the standard requirements for all new national banks, the following special requirements must be satisfied prior to the Bank's request for a preopening examination and before the OCC will grant final charter approval:

(List special requirements (number each requirement in sequential order))

- 1.
- 2.

[All charters with transactional web sites require the following special requirements]

- (#). The Bank must submit to the *[insert the appropriate OCC supervisory office]* for review, and prior written determination of no supervisory objection, a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

- (#). The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:

- All access points, including the Internet, Intranet, or remote access.
- The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested.

For additional guidance, refer to "The Internet and the National Bank Charter" booklet of the *Comptroller's Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC's Web site:

<http://www.occ.treas.gov/corpbook/group4/public/pdf/internetnbc.pdf>.

- (#). The Bank must have a security program in place that complies with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information" specified at 12 CFR 30, Appendix B.

[For all charters]

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller's Licensing Manual, which is available only in electronic form at our web site:

<http://www.occ.treas.gov/corpapps/corppapplic.htm>.

This preliminary conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Direct any questions concerning this preliminary conditional approval to *(title/name)* at *(telephone number)*.

Sincerely,

--Signature--

Name and Title

Enclosures: Standard Requirements
Minimum Policies and Procedures
Limited Purpose Designation Letter (if applicable)

cc: Official File
Communications

bcc: Secretary, Director of Licensing Operations (for publication)
Licensing Policy and Systems (only if a special condition is imposed)