

Federal Deposit Insurance Corporation

§ 303.5

Control Act as the regional director requests;

(4) A transaction subject to approval under section 3 of the Bank Holding Company Act, section 18 of the Act or section 10 of the Home Owners' Loan Act;

(5) A transaction described in sections 2(a)(5) or (3)(a)(5)(A) or (B) of the Bank Holding Company Act, (12 U.S.C. 1841(a)(5) or 1842 (a)(5)) by a person there described;

(6) A customary one-time proxy solicitation and receipt of pro-rata stock dividends; and

(7) The acquisition of shares in foreign banks which have an insured branch or branches in the United States; *Provided, however*, That this exemption does not extend to the reports and information required under sections 7(j)(9), (10), and (12) of the Act.

[54 FR 53557, Dec. 29, 1989, as amended at 59 FR 52662, Oct. 19, 1994]

§303.5 Applications concerning insurance fund conversions, prompt corrective action, and other applications.

(a) *Conversion involving transfer of deposits between the Savings Association Insurance Fund (SAIF) and the Bank Insurance Fund (BIF).* Application by any depository institutions to participate in a conversion transaction involving the transfer of deposits from the SAIF Fund to the BIF Fund or *vice versa* should be filed with the appropriate regional director. The application shall be in letter form, signed by representatives of each institution participating in the transaction, and shall contain the following information:

(1) A description of the transaction;

(2) A statement of condition of each institution as of the date of application;

(3) A statement of condition of each institution as of May 1, 1989, with a notation as to the amount of net interest credited to total deposits during the period beginning May 1, 1989, and ending on the expected date of transfer;

(4) The amount of deposits involved in the conversion transaction;

(5) A pro forma balance sheet and income statement for each institution upon consummation of the transaction;

(6) A listing of any other conversion in which either institution has participated since August 9, 1989, or any other conversion transaction in process at the time of filing; and

(7) Any other information that the regional director may from time to time require.

(b) Except as otherwise provided by rule or regulation, all applications, requests, and submittals for which no form of application has been prescribed by the Corporation should:

(1) Be in writing;

(2) (i) Be signed by the president, cashier, or managing officer of the depository institution in the case of:

(A) An application by a depository institution whose insured status has been terminated under section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) for permission to continue or resume its status as an insured depository institution; or

(B) An application made by an insured depository institution under part 328 of this title; or

(ii) Be signed by the applicant or a duly authorized agent in all other cases;

(3) Contain a statement of the applicant's interest therein, a complete and concise statement of the action requested, and the reasons and facts relied upon as the basis for such requested action; and

(4) (i) Be addressed to the appropriate regional director in the case of an application, request, or notice of acquisition of control from or relating to a particular bank or institution; or

(ii) The Executive Secretary of the Corporation at the Corporation's Washington, DC headquarters in all other cases.

The applicant shall furnish such other pertinent information as may be required by the Corporation. Forms to be executed in conjunction with an application for consent to exercise trust powers may be obtained from the appropriate FDIC regional office.

(c) In addition to the foregoing, an application by a depository institution whose insured status has been terminated under section 8 of the Act for permission to continue or resume its status as an insured depository institution should:

(1) Be accompanied by a certified copy of the resolution of its board of directors; and

(2) Contain a statement that the depository institution's insured status has been terminated (including the date thereof and the basis therefor) and that the insurance of its deposits has not ceased.

(d) Applications under §347.4 of this chapter to acquire or hold stock or other evidence of ownership in a foreign bank or other financial entity shall be submitted to the appropriate regional director in letter form and, unless otherwise directed by the Corporation, shall contain full information concerning the foreign bank or other financial entity including (unless previously furnished):

(1) The cost, number, class of shares to be acquired, and the proposed carrying value of such shares on the books of the insured state nonmember bank;

(2) A recent balance sheet and income statement of the foreign bank or other financial entity;

(3) A brief description of the foreign bank's or other financial entity's business (including full information concerning any direct or indirect business transacted in the United States);

(4) Lists of directors and principal officers (with address and principal business affiliation of each) and of all shareholders known to the issuing bank holding 10 percent or more of any class of the foreign bank's or other financial entity's stock or other evidence of ownership, and the amount held by each; and

(5) Information concerning the rights and privileges of the various classes of shares outstanding.

(e) *Applications pursuant to section 38 of the Act and subpart B of part 325 of the FDIC's regulations (prompt corrective action).* An application by any insured depository institution pursuant to section 38 of the Act, 12 U.S.C. 1831o, and subpart B of part 325 of the FDIC's regulations, 12 CFR part 325, should be filed with the DOS regional director of the FDIC region in which the insured depository institution is located. The application shall be in letter form, except as otherwise provided in paragraphs (e)(1) through (5) of this section. Such letter shall be signed by the

president, senior officer or a duly authorized agent of the insured depository institution and be accompanied by a certified copy of a resolution adopted by the institution's board of directors or trustees authorizing the application. Each application shall contain the information specified in paragraphs (e)(1) through (5) of this section and any other information requested by the Corporation.

(1) *Capital distributions.* An application to repurchase, redeem, retire or otherwise acquire shares or ownership interests of the insured depository institution shall describe the proposal, the shares or obligations which are the subject thereof, and the additional shares or obligations of the institution which will be issued in at least an amount equivalent to the distribution. The application shall also explain how the proposal will reduce the institution's financial obligations or otherwise improve its financial condition. Where the proposed action also requires an application pursuant to section 18(i) of the Act (12 U.S.C. 1828 (i)), such application should be filed concurrently with or made a part of the application pursuant to section 38 of the Act.

(2) *Acquisitions, branching, and new lines of business.* Applications shall describe the proposal, state the date institution's capital restoration plan was accepted by its primary Federal regulator, describe the institution's status toward implementing the plan, and explain how the proposed action is consistent with and will further the achievement of the plan or otherwise further the purposes of section 38 of the FDI Act. Where the FDIC is not the applicant's primary Federal regulator, the application should also state whether approval has been requested from the applicant's primary Federal regulator, the date of such request and the disposition of the request, if any. Where the proposed action also requires applications pursuant to section 18 (c) or (d) of the FDI Act (12 U.S.C. 1828 (c) or (d) of the FDI Act (12 U.S.C. 1828 (c) or (d))), such applications should be filed concurrently with, or made a part of, the application filed pursuant to section 38 of the Act.

(3) *Bonuses and increased compensation for senior executive officers.* Applications shall list each proposed bonus or increase in compensation, and for the latter shall identify compensation for each of the twelve calendar months preceding the calendar month in which the institution became undercapitalized. Applications shall also state the date the institution's capital restoration plan was accepted by the FDIC, and describe any progress made in implementing the plan.

(4) *Payment of principal or interest on subordinated debt.* Applications shall describe the proposed payment and provide an explanation of action taken under section 38(h)(3)(A)(ii) of the Act. The application shall also explain how such payments would further the purposes of section 38 of the Act. Existing approvals pursuant to requests filed under 18(i)(1) shall not be deemed to be the permission needed pursuant to section 38.

(5) *Restricted activities of Critically Undercapitalized Institutions.* Applications to engage in any of the following activities shall describe the proposed activity and explain how the activity would further the purposes of section 38 of the Act:

(i) Enter into any material transaction other than in the usual course of business including any action with respect to which the institution is required to provide notice to the appropriate Federal banking agency;

(ii) Extend credit for any highly leverage transaction;

(iii) Amend the institution's charter or bylaws, except to the extent necessary to carry out any other requirement of any law, regulation, or order;

(iv) Make any material change in accounting methods;

(v) Engage in any covered transaction (as defined in section 23A(b) of the Federal Reserve Act (12 U.S.C. 371A(b))); or

(vi) Pay excessive compensation of bonuses.

[54 FR 53558, Dec. 29, 1989, as amended at 58 FR 8217, Feb. 12, 1993; 59 FR 52662, Oct. 19, 1994]

§ 303.6 Application procedures.

(a) *Scope of section.* Paragraphs (f) through (n) of this section apply to:

(1) Applications for deposit insurance by proposed new depository institutions or operating non-insured institutions;

(2) Applications by insured state non-member banks to establish branches, including applications to establish remote service facilities by banks whose most recent Community Reinvestment Act rating is not Satisfactory or better or who cannot represent compliance with the National Historic Preservation Act;

(3) Applications by insured state non-member banks to move their main office or relocate their branch offices, including applications to relocate remote service facilities by banks whose most recent Community Reinvestment Act rating is not Satisfactory or better or who cannot represent compliance with the National Historic Preservation Act;

(4) Applications to merge or to consolidate with, acquire the assets of, or assume the liability to pay any deposits made in, a bank or institution, when the resulting or assuming depository institution is to be an insured state nonmember bank, and all other applications to merge or to consolidate with, or to assume liabilities, which require the Corporation's prior approval under the Bank Merger Act (12 U.S.C. 1828(c));⁵ and

(5) Any other applications, requests or submittals which the Board of Directors of the FDIC in its sole discretion deems appropriate.

In the case of applications, requests, or submittals which come within § 303.6(a)(5), the applicant will be notified at the time its application is accepted for filing that the procedures set forth in this section shall be followed in connection therewith.

⁵[Reserved]

⁶Except as otherwise provided in paragraph (f)(1) of this section, the provisions of this § 303.6 shall not be applicable to any proposed merger or assumption transaction which the Board of Directors of the Corporation determines must be acted upon immediately to prevent the probable default of one of the institutions involved or must be handled with expeditious action due to an existing emergency condition, as permitted by the Bank Merger Act (12 U.S.C. 1828(C)(6)).