

# Branches and Relocations

## Comptroller's Licensing Manual

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# Branches and Relocations

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# Branches and Relocations

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## Introduction

This booklet contains policies and procedures to guide a national bank in submitting a request to the Comptroller of the Currency (OCC) to establish or relocate a branch or relocate its main office.

The Key Policies section provides a brief overview of licensing guidelines used along with the regulations governing branching, 12 CFR 5.30, and main office relocations, 12 CFR 5.40. Other booklet sections contain detailed discussions of the specific standards, policies, and procedures relevant to branching and main office activities. There are step-by-step procedures for the applicant and the OCC to follow and a glossary of terms used in the booklet. The reference section includes cites to relevant OCC decisions, interpretive letters, and other source documents. Throughout the booklet there are hyperlinks to other related booklets and to filing samples, such as the Branch and Relocation Application.

The OCC has an electronic process, titled e-Corp, which allows a bank to complete and submit an application or notice on-line. E-Corp represents the OCC's continuing effort to add value to the national charter, eliminate unnecessary regulatory burden, simplify administrative processes, enhance communications, reduce paperwork, and take full advantage of e-government mandates. National banks may file new branch and relocation applications on-line. In addition, a bank may file an on-line notice to close a branch or to relocate a main office to an existing branch in the same city, town, or village.

All national banks registered on National BankNet—the OCC's free, extranet Web site—can access e-Corp. Every registered bank has a BankNet agent (a bank employee designated as the OCC's contact person) who can provide access to e-Corp. If you are unsure whether your bank is registered for BankNet or you need to identify your agent, contact the OCC by e-mail at [NationalBankNet@occ.treas.gov](mailto:NationalBankNet@occ.treas.gov) or call BankNet Assistance at 800-641-5925. Refer to the "[General Policies and Procedures](#)" booklet for detailed information.

Licensing staff may communicate with applicants orally or in writing (e-mail or letter) about the application's status, including an acknowledgment and decision. Generally, OCC communicates in writing decisions on applications presenting novel, complex, or significant policy or legal issues.

## Key Policies

The OCC acts upon applications to establish branches, both permanent and temporary, or to relocate branches or main offices in compliance with the provisions of applicable federal and state law. In seeking the OCC's approval, applicants must comply with applicable federal and state law.

A branch, as provided in 12 USC 36(j), includes any branch bank, office, agency, additional office, or any branch place of business established by a national bank in the United States or its territories at which deposits are received, checks paid, or money lent. Branch facilities may include a messenger service, mobile branch, temporary facility, night depository (drop box), drive-in facility, or a seasonal agency.

## Not a Branch

The following types of facilities are not considered branches:

- A check-scanning terminal at a nonbank location that a bank customer operates to transmit electronic images of checks to a bank for deposit.
- A facility that is not physically accessible to the public to make deposits, receive withdrawals, or borrow money.
- A facility located at the site of, or an extension of, an approved main office or branch office (see following discussion).
- A facility established under 12 USC 90 (a military banking facility) or other authority not requiring approval under 12 USC 36 (see following discussion).
- An automated teller machine (ATM) or a remote service unit (RSU) (see Glossary for definition).
- A loan production office (LPO).
- A deposit production office (DPO).
- Any combination of an ATM, RSU, LPO, or DPO.
- A main office.
- An office that provides facility banking services to the bank (see discussion that follows).
- A school premises or facility that the bank does not establish and operate where it conducts a financial literacy program. The bank's employees work at the school only to participate in this program, and it does not provide services to the general public. The principal purpose of the financial literacy program is educational. For example, a program is educational if it is designed to teach students the principles of personal economics or the benefits of saving for the future and is not designed for profit-making (refer to 12 CFR 7.1021).

## Extension of Offices

Whenever a national bank establishes a publicly accessible banking office that will engage in branching functions apart from a main office or an existing branch, the OCC considers the facility a branch (see the Glossary), unless it determines that the facility is an extension of the bank's main office or one of its existing branches or

satisfies another exception from the definition of a branch. The OCC relies on a number of factors in distinguishing between a branch and an extension of the bank's main or branch office. The factors include:

- The distance between the existing office and the proposed facility.
- Whether a direct line of sight exists between the two facilities and how the intervening space is used.
- Whether the two facilities are connected in any way, such as by a pneumatic tube.
- The purpose of the proposed facility.
- Whether the facility is situated physically in such a way as to give the bank a material advantage over competitors in attracting customers.
- The dependency of the proposed facility on the existing office.
- The availability for expansion of adequate sites closer to the existing office.
- The existing facility's demonstrated need for such a facility.
- Whether a state bank could operate the proposed facility as an extension of its main or branch office.

The OCC balances these factors and applies them to each case to determine whether the facility constitutes a branch. The OCC does not consider extensions of a national bank's main office or authorized branch to be separate branches under 12 USC 36.

## Decision Criteria

In determining whether to approve a branch or relocation application, the OCC is guided by the following principles:

- Maintaining a sound banking system.
- Encouraging a national bank to help meet the credit needs of its entire community.
- Relying generally on the marketplace as the best regulator of economic activity.
- Encouraging healthy competition to promote efficiency and better service to customers.

## Standard Condition

A national bank that wishes to establish or relocate a branch office, or to relocate a main office other than to an existing branch in the same city, town, or village, including short-distance relocation, must submit an application to the OCC and

obtain its prior approval. The OCC's approval letter will contain a condition that the approval will terminate automatically if the bank does not open the branch or relocate the branch or main office within 18 months from the approval date.

## Special Conditions

The OCC may impose appropriate special conditions on approvals to protect the safety and soundness of the bank; prevent possible conflicts of interest; ensure compliance with applicable law; or for other supervisory, compliance, or policy considerations.

## CRA Considerations

The OCC considers the Community Reinvestment Act (CRA) performance record of a national bank in making a decision on its proposed branch or relocation application. The OCC will review comment letters from the public and the applicant's responses to those letters, and information available from CRA examinations (refer to the "Public Notice and Comments" booklet for specific details).

## Application Process

A bank that wishes to establish a branch or relocate a main or branch office must apply to the OCC for approval. Application processing time frames differ depending on whether the bank meets certain criteria. The OCC provides an expedited review process for an eligible bank (see Glossary for definition). If the bank is not eligible for expedited review, the bank's application will be subject to the standard review process.

## Expedited Review

The OCC generally provides expedited review of branch and relocation applications, if the applicant is an eligible bank. An application for a branch or relocation, processed under expedited review, will be considered approved as of the 15th day after the close of the 30-day (15-day for short-distance relocation) public comment period, or the 45th day after the filing is received by the OCC, whichever is later, unless the OCC takes one of the following actions:

- Decides the application sooner.
- Formally extends the review period.
- Removes the application from the expedited review process.

The OCC removes an application from expedited review if the filing, or an adverse comment about the filing, presents significant supervisory, CRA, or compliance concerns, or raises significant legal or policy issues that require additional OCC review. Applicants should refer to 12 CFR 5.13(a)(2) and the "Public Notice and Comments" booklet for a more detailed discussion about the reasons the OCC will remove an application from expedited review.

The OCC notifies an applicant promptly whenever it decides to remove an application from expedited review and provides a written explanation of the reasons for that decision. When an application is removed from expedited review as a result of information obtained in a public comment, the OCC also informs the commenter.

## Standard Review

National banks submitting applications subject to standard review receive a written decision from the OCC that the applications are approved, approved with special conditions, or denied after the close of the 30-day public comment period (or 15-day comment period for short-distance relocations). A standard review means that the bank must receive a written decision document from the OCC. The application is not approved automatically.

## Publication

The national bank applicant publishes a public notice containing specific information on each branch or relocation application on the date the application is filed with the OCC, or as soon as possible before or after the date of filing. The OCC may waive this public comment period.

Each national bank that proposes to establish a branch must publish notice of the application in a newspaper of general circulation in the community to be served.

Generally no publication is required for the relocation of a main office to an existing branch site in the same city, town, or village. Each national bank that proposes to relocate a branch or its main office to any other site must publish notice of the application in a newspaper of general circulation in the community to be served. The comment period is 30 days, except for short-distance relocations that require only a 15-day comment period.

All published notices should state that a filing is being made and its subject matter, and indicate that the OCC will review public comments. The publication should be in the English language and include:

- The application type.
- The date of the filing.
- The name and location of the bank. (If a bank is operating under more than one name or under a name not substantially similar to its legal name, the public notice should contain both the legal name and the name the bank uses in the community in which the publication circulates.)
- The location of the proposed branch (if a relocation, includes the current and proposed locations).
- The address of the district office to which written comments may be forwarded.
- The duration of the comment period.

- A description of the intermittent nature of the branch, if applicable, including the event, the location, the frequency, and the time period(s) the branch would be open.
- Any other information the OCC requires.

If an application is part of a multi-step transaction, all steps should be included in the publication. (Refer to the Public Notice discussion in the "Public Notice and Comments" booklet for general information about multiple-step transactions and for the other general requirements.)

## Jointly Owned Branches

When one or more national banks or other depository institutions propose to establish a branch jointly, one of the national banks may act as agent and submit one branch application on behalf of the national banks in the proposed group. The application must include the name and main office address of each entity in the group. Although only one application is filed, each national bank applicant, if approved, receives a branch certification. Other depository institutions involved in the proposal must receive approval from appropriate state or federal regulators.

## Specific Requirements

### State Law Branching Considerations

The OCC requires each national bank to answer questions about the proposal's consistency with applicable state branching law in each branch application. In some cases applicants should submit additional legal analysis and documentation of state factors — for example if the applicant expects a legal challenge, the legal authority for the branch is not readily apparent, or the application presents unusual legal issues. If the relevant state law requires a market-area analysis, the bank may use the assessment area it defines for its CRA evaluations, unless state law requires a different delineation.

Applicants also should review state statutes addressing corporate names. The OCC considers the matter of branch names to be a business decision made after careful consideration of state statutes and other factors in the "Interagency Statement" on branch names issued May 1, 1998. (Refer to the discussion of Branch and Trade Names in the "General Policies and Procedures" booklet for additional information.)

After state laws are enacted or amended to permit a branch at a location that the state previously prohibited, the OCC usually will accept, but will not act upon, applications prior to the effective date of the state law.

### Interstate Branching

The Riegle-Neal Act (12 USC 1831u) permits a bank to establish a branch in a state other than a state in which it has its main office or any authorized branches. This holds true provided that the proposed branch state has in effect a law that applies equally to all banks and expressly permits all out-of-state banks to establish de novo

branches in that state. The Riegle-Neal Act defines a de novo branch as a branch of a national bank that is established originally by the national bank and does not become a branch of the bank by acquisition of an insured depository institution or a branch of an insured depository institution, or a conversion. Assuming the existence of a state law that meets these criteria, the Riegle-Neal Act provides that a bank applying to establish an interstate de novo branch must:

- Comply with the filing requirements of any host state (and submit a copy of the application to its state bank supervisor) to the extent that the requirements:
  - Do not discriminate against out-of-state banks or bank holding companies or their subsidiaries.
  - Are similar in effect to those imposed on out-of-state nonbanking corporations (“doing business” filing requirements).
- Be adequately capitalized as of the date the application is filed and the date the branch is opened.
- Be adequately managed as of the opening date.

The OCC also must consider the bank’s record of compliance with the CRA. If the applicant has no bank affiliate in the host state, the OCC also considers:

- The most recent written CRA evaluation of the bank’s affiliates.
- The applicant’s record of compliance with applicable state community reinvestment laws.

### **Deposit Production Rule**

Riegle-Neal prohibits banks from using established or acquired covered interstate branches (see Glossary) as DPOs. It also provides guidelines for determining whether banks reasonably meet the credit needs of the communities served. To assist regulators in the credit needs assessment, the rule provides for a loan-to-deposit screen, which compares a bank’s statewide loan-to-deposit ratio (BSLD) with that state’s statewide loan ratio (statewide ratio). The BSLD is comprised of the loan-to-deposit ratio of all of a bank’s covered interstate branches within the state. The statewide ratio is the loan-to-deposit ratio of all the banks chartered or headquartered in that state, except for certain limited purpose banks. If the BSLD is at least 50 percent of the statewide ratio, a credit needs determination is not necessary. If the BSLD is less than 50 percent of the statewide ratio, or if the OCC determines that no reasonably available data exist to determine the bank’s statewide ratio, the OCC must perform a credit needs determination.

The OCC assesses a bank’s compliance with the deposit production rule at regularly scheduled examinations, but no earlier than one year after the establishment by the bank of a covered interstate branch in a new state. Failure to maintain an adequate BSLD could result in supervisory sanctions, including denial of branch applications in that state.

## Main Office Relocation

The main office of a national bank, under 12 USC 30, may not relocate more than 30 miles beyond the limits of the city, town, or village in which the main office is located. Main office relocations to existing branch sites within the same city, town, or village do not require prior approval from the OCC. This type of relocation only requires notice to the OCC. The notice must be submitted to the OCC prior to the relocation and must include the new address of the main office and the effective date of the relocation.

A national bank that desires to relocate its main office to a different location within its city, town, or village must file an application with the OCC. If the proposed site is beyond the limits of the city, town, or village in which the main office is located the bank must file an application with the OCC, and:

- Shareholders owning two-thirds of the voting stock must approve the relocation.
- The Articles of Association must be amended.
- The applicant must submit a Secretary's Certificate certifying that shareholders' approval has been obtained and provide the amended Articles of Association.

An applicant that desires to convert an existing main office to a branch must file a branch application. In addition, interstate branching laws may apply when a main office relocation crosses state lines, and the bank seeks to retain branches in its former main office state.

## Capital Requirements

To file for expedited review, the bank must be an eligible bank and well capitalized. Also a bank should refer to 12 CFR 3, Minimum Capital Ratios, for the required minimal acceptable capital ratio for national banks.

### **State-Imposed Capital Requirements**

Every national bank seeking to establish branches outside of the city, town, or village in which it is situated shall, under 12 USC 36(c), have capital and surplus equal to that required of state-chartered institutions applying to establish branches.

### **Undercapitalized Banks**

The applicant should refer to Prompt Corrective Action (12 CFR 6) for information that specifies supervisory actions restricting the activities of banks categorized as undercapitalized, significantly undercapitalized, or critically undercapitalized.

If the applicant satisfies the state-imposed capital requirements, the OCC may approve an application for a new branch, relocation, or main office relocation from an undercapitalized bank if:

- The OCC has accepted the bank's capital restoration plan.

- The bank is implementing the capital plan.
- The proposed branch or relocation is consistent with, and will further the achievement of, the capital plan.

## Investment in Bank Premises Limitation

A national bank should review its compliance with rules for aggregate investment in bank premises when planning to establish a branch or relocate a branch or main office. If the bank's investment would cause it to exceed its capital stock or a level that the OCC previously approved, it must submit either a notice or an application. (For details, applicants should refer to the "Investment in Bank Premises" booklet.)

## NHPA, NEPA

The applicant must consider the National Historic Preservation Act and the National Environmental Policy Act for its proposed transaction and certify whether the proposal will affect an historic district, site, building, structure, object, or the quality of the human environment. (For a complete discussion of the step-by-step procedures that the bank must take, see the "General Policies and Procedures" booklet.)

## Depository Institution Management Interlocks Act (DIMIA)

The DIMIA prohibits certain management interlocks. The OCC may not authorize establishment of a branch if it would cause a bank to operate in a market area that would result in creating a prohibited interlock. (For a detailed discussion, refer to the "Management Interlocks" booklet.)

## Messenger Service or Mobile Branch

The application process for messenger services and mobile branches (refer to Glossary for definitions) is the same as for any other branch. The operation of the messenger service or mobile branch is generally limited to those geographic locations in which the bank may permissibly operate a permanent branch, unless a state branching statute permits operation of these facilities in a broader area or limits these facilities to a smaller area. For a bank to establish a messenger service or mobile branch or to expand the service area previously approved for an existing messenger service or mobile branch:

- The bank must file a branch application delineating the proposed or expanded geographic area to be served by the facility.
- The bank must publish notice, in a newspaper of general circulation in the community to be served, of the proposed or expanded geographic area to be served by the facility. If the facility will serve more than one community, it may be necessary to publish this notice in more than one newspaper to assure that notice has been given in each community. The OCC will not approve the operation of a messenger service or mobile branch in an area or areas beyond that in which the notice was published.

- The OCC must approve the proposed or expanded geographic area.

In general, a bank need only identify in its application and public notice the geographic area to be served by the messenger service or mobile branch; however, depending on state law, a more specific statement of the locations to be served may be appropriate. In addition, in the case of messenger services, a bank may seek approval in one application for multiple messenger services to serve the same general geographic area.

## Temporary Branch

### General

A temporary branch is a branch located at a fixed site and from the time of its opening is scheduled to close within one year and this information is contained in the application and the published notice. Temporary branches are established under a variety of circumstances. The following discussion covers procedural requirements for most standard and emergency situations. Banks with questions regarding a particular situation should contact the Director for District Licensing.

Advance closing notices are not required when it is time for the temporary branch to close. (For details regarding branch closings, applicants should refer to the "[Branch Closings](#)" booklet.) Alternatively, after a temporary branch is operating, the bank may decide to make it permanent. In such cases, the bank should follow applicable branch application procedures.

### Nonemergency Branching

In most cases, the bank must file an application with the OCC and provide public notice. The OCC may waive or reduce the public notice and comment period for an application to establish a temporary branch if:

- The applicant bank has a CRA rating of "satisfactory" or "outstanding."
- The temporary branch, if established by a state bank to operate in the manner proposed, would be permissible under applicable state law without state approval.

### Emergency Branching

In the event of a major disaster or other emergency, the OCC may grant approval for a temporary branch. Such approvals reflect the particular circumstances and generally permit operation for six months, unless the OCC grants an extension.

*Major Disasters:* The OCC has adopted abbreviated procedures for processing branch applications when the President of the United States declares a "major disaster area." After the major disaster area is designated, the OCC generally will waive normal regulatory and procedural requirements. If the approved main office or branch is inaccessible or inoperable because of the emergency, the bank may establish a temporary branch consistent with applicable federal and state branching statutes without first submitting a branch application. After establishing the branch, the bank should contact the OCC with the name and location of the temporary

branch. The OCC also decides on either written or oral national bank requests to provide temporary banking services at any new location in the major disaster area within the geographic area in which a national bank may establish a branch. Under extreme circumstances, such as those following a severe hurricane or terrorist attack that displaces large numbers of people, the OCC may provide additional flexibility for a temporary emergency branch. A bank should contact the Director for District Licensing or check the OCC's [Web site](#) following such an emergency.

*Other Emergencies:* The OCC also may waive normal regulatory and procedural requirements when banking services are interrupted temporarily because of localized disasters, such as a fire. The OCC grants a written request for a waiver of normal regulatory procedures after considering on an individual basis whether the affected national bank has other branches in close proximity to the site and the proximity of the proposed site to the affected office.

## Alternative Sites

When an approved permanent main office or branch location undergoes renovation or construction, a bank may be unable to use it for a limited period of time. In some cases, the bank may be able to operate from a temporary structure at the approved site until renovations are completed. In such cases, no application or prior notification to the OCC is required.

If the bank cannot access the approved site, the OCC permits ATM operation of the approved branch or main office at an alternative location upon prior notice to the OCC if the site meets the following requirements:

- The alternate site is within 2,000 feet of the approved site.
- The alternate site will operate for no more than one year.
- Following closure of the alternate site, the approved permanent site must open or reopen.
- If the alternate site is a branch site, it must comply with the requirements of 12 USC 36, including any state statutory branching limits that are applicable to national banks.
- If the main office operates from an alternate site, the site must be located within the same city, town, or village as authorized for the permanent main office site.

For alternative sites not meeting these criteria, the bank must file a branch or temporary branch application or an application or notice to relocate a main office.

## Night Depository (Stand-Alone)

Stand-alone night depositories (drop boxes) that are ATMs or RSUs or which are not electronically linked to an adjacent ATM or RSU are branches requiring OCC authorization.

## ATM Conversion

To convert an existing ATM to a branch, a national bank must submit a branch application to the OCC. Conversely, a national bank may convert an existing branch to an ATM after notifying the OCC in writing prior to the conversion and following branch closing requirements. (For branch closing details, refer to the "Branch Closings" booklet.)

## College and University Branches

The OCC has adopted simplified branching procedures for limited account services offered temporarily by national banks at colleges and universities if certain requirements are met. The OCC generally waives filing fees and prior public notice requirements for college and university branches when a national bank:

- Demonstrates that a state bank can establish and operate the proposed facility at a college or university without submitting an application to the state. The facility also must meet all requirements of state law applicable to state banks. The OCC will accept a copy of the state law or written opinion of the state banking regulator as acceptable evidence.
- Provides only limited account services for a temporary period during registration and for an additional period up to seven days per year (not in contravention of state bank authority).
- Has a "satisfactory" or better rating for its most recent CRA evaluation.

## Facility Banking

Under 12 USC 1828(r), a bank subsidiary of a bank holding company may act as agent for an affiliated depository institution to receive deposits, renew time deposits, close loans, service loans, and receive payments on loans and other obligations. The law provides that:

- The location where the affiliate is acting as agent is not considered a branch.
- The bank acting as agent cannot conduct any activity as agent that it could not conduct as principal.
- The affiliated depository institution using an agent bank cannot have the agent conduct any activity that it is prohibited from conducting as principal.
- Under certain circumstances, an insured savings association may act as agent for an affiliated bank and not be considered a branch of that affiliate.

In addition, the law specifically provides that it does not affect any authority under any other provisions of law that permit agency relationships involving banks without raising branching concerns. Thus, other agency relationships also may not constitute the establishment of branches. For instance, many OCC legal interpretations on facility banking issued prior to the passage of 12 USC 1828(r) remain valid. For

further information about whether certain agency relationships constitute branching, contact the appropriate District Counsel's office.

## Intermittent Branches

A national bank may establish a branch that will open and close intermittently for a fixed period at a fixed location. For example, a national bank could establish an intermittent branch that would operate at the annual month-long state fair held at the state fairgrounds. The branch would open during the fair and close at its end. Intermittent branches do not require permanent physical facilities, only a fixed location. An intermittent branch is considered a permanent branch and is subject to the normal publication process, with modified wording in the publication to note its intermittent nature. As a result, a new application would not be needed each year when the branch reopens. Branch closing rules would apply only if the bank decides not to reopen the branch. Banks providing branching services at events that are sporadic or that have varying locations should continue to file temporary branch applications for these events.

## Military Banking Facilities

A national bank also may establish a banking facility on a military installation by requesting that it be designated as a government financial agent by the Secretary of the Treasury as authorized under 12 USC 90. Such military banking facilities do not require a branch application, because they are not covered by 12 USC 36. Banks, desiring to establish a military banking facility, must contact the United States Treasury Department, Office of the Fiscal Assistant Secretary, Washington, DC 20226.

## Branch Closing Notice

A bank must file a branch closing notice with the OCC whenever it proposes to relocate a branch or any similar banking facility. However, a bank does not need to file:

- An advanced closing notice if a mobile branch or messenger service will continue to operate within its approved geographic area, but changes stops within that area.
- A branch closing notice to relocate a branch if the relocation occurs within the immediate neighborhood (short-distance relocation) and does not affect substantially the nature of the business or customers served. (Refer to the "Joint Policy Statement on Branch Closings" for a detailed discussion.)

(For a detailed discussion and list of other exceptions, refer to the "Branch Closings" booklet.)

## Post Decision Issues

### Extension of Time

When the OCC approves or conditionally approves a branch filing, it generally gives the applicant 18 months to begin the new operation. If the approval time runs out and the transaction is not consummated, the OCC's approval ends automatically.

The OCC normally does not grant extensions of time. However, in extenuating circumstances, extension of the approval time may be requested from the Licensing staff in the district office. However, the applicant must provide sufficient information to prove that the reason for the delay is beyond its control (for example, environmental cleanup that must be done before a branch office can be built).

### Opening the Branch

The bank advises the OCC in writing by e-mail or letter within 10 days after opening the branch (refer to sample notice). It also identifies any material change to the filing and provides notice of such change to the Licensing staff.

The Licensing staff reviews the bank's notice of opening and verifies that all required actions have been completed and enters the effective date into the database.

## Procedures: Standard Review

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### Prefiling Meeting

#### Licensing Staff

1. Refers a bank that requests instructions to the "General Policies and Procedures" booklet and to this booklet of the Comptroller's Licensing Manual.

#### Bank or Licensing Staff

2. Requests an optional prefiling meeting to review procedures for branches and relocations and factors that may influence the OCC's review of the application.

#### Licensing Staff

3. If Licensing staff determines at any time that the filing presents significant policy, legal, or supervisory issues, including Bank Secrecy Act, CRA, or systems integration concerns, contacts Headquarters Licensing staff (HQ LIC) to decide if and when:
  - To forward the application to HQ LIC for processing, or
  - To forward specific issues to HQ LIC for action (while continuing to process the application in the district office).
4. Prepares a summary memorandum on all prefiling meetings and records pertinent information from telephone calls. Retains documentation in the pending file. If there are significant or noteworthy issues, forwards a copy of the prefiling meeting memorandum to supervision. All communications with applicants may be made by e-mail, including acknowledgment and approval.

### Filing the Application and Publication

#### Bank

5. Submits a completed application and filing fee (if applicable) to the Director for District Licensing in the district office, to HQ LIC, or through e-Corp at BankNet.
6. Arranges for newspaper publication of public notice on the filing date or as soon as practicable before or after the date of filing. (See details on publishing in Public Notice and Comment Period in this booklet and the public notice instructions.) If not submitted with the filing, submits a statement containing the name and address of the newspaper in which the notice was published

and dates of publication to the Director for District Licensing in the district office or HQ LIC. (See the "Public Notice and Comments" booklet.)

## Review

### Licensing Staff

7. Initiates and enters information into the Corporate Activities Information System (CAIS).
8. Establishes the official file to maintain all original documents.
9. (If applicable) Forwards the filing fee and the deposit memorandum (Form 6043-01) to the Comptroller of the Currency, Attention: Accounts Receivable, 250 E Street SW, MS-4-8, Washington, DC 20219. Retains a copy of the memorandum in the official file.
10. Within five business days following receipt of the filing, acknowledges receipt, reviews, and forwards the application for comments, and:
  - Acknowledges receipt of the filing by e-mail, letter, or telephone.
  - Reviews the application for accuracy and completeness. Determines if the filing contains all information necessary to reach a decision.
  - If not, requests information from the contact person to be provided by a specific due date.
  - If at any time the filing presents significant policy, legal, CRA, compliance, or supervisory issues, repeats step 3.
  - Notifies the Assistant Deputy Comptroller (ADC) and ADC Analyst or Large Bank Examiner-in-Charge (EIC) of receipt of the application, and:
    - Solicits comments from the ADC or Large Bank EIC with preliminary responses required by the 15th day after the receipt date. For large banks, sends a copy of the e-mail to the Large Bank Deputy Comptroller (DC). Unless the Large Bank DC sends an e-mail to the Licensing staff, the Large Bank EIC's reply serves as the supervisory comment.
    - If a bank premises application or notice is included in this filing, refers the bank premises request to the ADC or Large Bank EIC for decision.
    - For undercapitalized banks, requests information from the ADC or Large Bank EIC about the relationship of the branch application to the bank's capital plan.

- Requests Compliance staff and the Community Affairs Officer for the district to provide the following preliminary information by the 15th day after the receipt date:
  - Recommendations, if any, made at or subsequent to the most recent CRA examination, by the OCC to the bank to improve its performance and, if known, the bank's responses.
  - Public comments and community contacts subsequent to the most recent CRA examination.
  - Whether information filed by the bank (for example, HMDA data) more recently than the most recent CRA examination reflects any material change in CRA performance.
- If a legal issue is identified, forwards relevant materials to the Law Department and requests a preliminary response by the 15th day after the receipt date on whether a significant legal issue is present.
- Contacts other divisions, as appropriate, with responses requested by the 15th day after the receipt date.
- Contacts HQ LIC if the proposal will:
  - Have any significant effect on the quality of the human environment.
  - Affect any district, site, building, structure, or object listed in, or eligible for listing in, the *National Register of Historic Places*. (See the NHPA discussion in the "General Policies and Procedures" booklet for step-by-step procedures the bank must take.)

## Public Comments, Requests, and Hearings

### Licensing Staff

11. Refers to the "Public Notice and Comments" booklet if copies of an application or a hearing is requested or if public comments are filed.
12. Comments should be forwarded to appropriate units for evaluation and advice (for example, legal issues to legal staff). If an adverse CRA comment is received, promptly notifies HQ LIC.

## Decision

### Licensing Staff

13. After the close of the public comment period, prepares a confidential memorandum and decision letter recommending a decision to the delegated official.

14. Decides the application under delegated authority or forwards the official file to the deciding official, and:
  - If that official grants a routine approval (no decision letter to the contact person), goes to step 17.
  - If the application is referred to HQ LIC, goes to step 18.
  - If denial is recommended, obtains legal concurrence.
  - If the application is conditionally approved or denied, forwards a copy of the confidential memorandum, decision document, and transmittal letter to the Director for Licensing Activities.
15. Notifies the bank and any interested parties of the decision. Notifies the ADC and ADC Analyst, or the Large Bank EIC (and Deputy Comptroller), of the decision by forwarding updated CAIS comments and, if warranted, advises of any written conditions attached to the decision or other supervisory concerns.
16. Sends the bank a decision letter and, if appropriate, a Customer Satisfaction Survey. Notifies all interested parties.
17. Makes CAIS entries. If the application is denied, goes to step 32.

## HQ LIC

18. Reviews the file and all relevant information; solicits comments from other OCC divisions, as appropriate; makes a recommendation; and forwards the official file to the appropriate official for decision.
19. After the decision, notifies the bank and the district of the decision. Notifies the ADC and ADC Analyst, or the Large Bank EIC and Deputy Comptroller, of the decision by forwarding updated CAIS comments and, if warranted, advises of any written conditions attached to the decision or other supervisory concerns.
20. Sends the bank a decision letter and, if appropriate, a Satisfaction Survey. Also, notifies all interested parties.
21. If the application is conditionally approved or denied, forwards a copy of the confidential memorandum, decision document, and transmittal letter to the Director for Licensing Activities.
22. For conditionally approved and approved filings, returns the official file to the district office for authorization and close-out.
23. Makes CAIS entries.
24. If the application is denied, goes to step 32.

## **Opening the Branch**

### **Bank**

25. Identifies any material change to the filing and provides notice of such change to the Licensing staff.
26. Completes all steps required to open the branch or relocate the main office.
27. Within 10 days after opening, sends an e-mail or letter (sample notice) to the Licensing staff providing the date that the branch opened.
28. If the branch will not open or relocation does not occur within 18 months, requests an extension of time from the Licensing staff by submitting a written request.

### **Extension of Time (if applicable)**

#### **Licensing Staff**

29. If applicable, reviews the request for an extension of time to open; that is, determines if the bank provided sufficient information to prove that the reason for the delay is beyond its control. Notifies the bank of the decision on the extension.

### **Closeout**

#### **Licensing Staff**

30. Reviews the bank's notice of opening and verifies that all required actions have been completed.
31. Enters the effective date for the branch opening by making CAIS entries.
32. Reviews the file for completeness and forwards it to Central Records.

## Procedures: Expedited Review

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### Prefiling Meeting

#### Licensing Staff

1. Refers a bank that requests instructions to the "General Policies and Procedures" booklet and to this booklet of the Comptroller's Licensing Manual.

#### Bank or Licensing Staff

2. Requests an optional prefiling meeting to review policies and procedures for branches and relocations and to discuss factors that may influence the OCC's review of the application.

#### Licensing Staff

3. If Licensing staff determines at any time that the filing presents significant policy, legal, or supervisory issues, including Bank Secrecy Act, CRA, or systems integration concerns, contacts HQ LIC to decide if and when:
  - To forward the application to HQ LIC for processing, or
  - To forward specific issues to HQ LIC for action (while continuing to process the application in the district office).
4. Prepares a summary memorandum on all prefiling meetings and records pertinent information from telephone calls. Retains any documentation in the pending file. All communications with applicants may be made by e-mail, including acknowledgment and approval.

### Filing the Application and Publishing Notice

#### Bank

5. Submits a completed application and filing fee (if applicable) to the Director for District Licensing in the district office or through e-Corp at BankNet.
6. Arranges for newspaper publication of public notice on the filing date or as soon as practicable before or after the date of filing. (See details on publishing in Public Notice and Comment Period in this booklet and in the public notice instructions.) If not submitted with the filing, submits a statement containing the name and address of the newspaper in which the notice was published and dates of publication to the Director for District Licensing in the district office or HQ LIC. (See the "Public Notice and Comments" booklet.)

## Review

### Licensing Staff

7. Initiates and enters information into CAIS.
8. Establishes the official file to maintain all original documents.
9. (If applicable) Forwards the filing fee and the deposit memorandum (Form 6043-01) to the Comptroller of the Currency, Attention: Accounts Receivable, 250 E Street SW, MS-4-8, Washington, DC 20219. Retains a copy of the memorandum in the official file.
10. Determines if the bank meets:
  - The eligible bank criteria for expedited review.
  - If not an eligible bank, goes to the Procedures for Standard Review.
11. Within five business days of receipt, notifies the ADC and ADC Analyst or the Large Bank EIC of the filing and solicits comments from other OCC divisions, as appropriate, with a preliminary response required within 15 days of the application's receipt. For large bank applicants, asks the Director for District Licensing about the supervisory notice or comment distribution to the Large Bank Deputy Comptroller.
12. If, at any time, policy, legal, CRA, compliance or supervisory issues are identified, repeats step 3.
13. Within five business days of receipt, if the application will receive expedited treatment, sends the applicant by e-mail or letter an acknowledgment of receipt and stating that the application may be considered approved 15 days after the end of the public comment period or 45 days after the application is received by the OCC, whichever comes later, unless the OCC notifies the bank orally or in writing to the contrary.
14. If not an eligible bank or if otherwise subject to standard processing, sends an e-mail or letter within five business days of receipt, notifying the bank that its filing will be processed under the standard review process and that the branch cannot operate until the OCC provides written approval.

## Decision

### Licensing Staff

15. Completes the expedited branch decision document or confidential memorandum. With the exception of the investment in bank premises question, all answers on the expedited branch decision document should be marked "Yes." A "Yes" answer to this question should be referred to the

supervisory office for disposition of the request for investment in bank premises. This document may be expanded to accommodate an adequate discussion of significant issues. The Confidential Memorandum format should be used to discuss complex issues.

16. Decides the application under delegated authority or forwards the official file to the deciding official.
17. Updates the CAIS entry and files the review and decision documents.

## **Opening the Branch**

### **Bank**

18. Identifies any material change to the filing and provides notice of such change to the Licensing staff.
19. Completes all steps required to open the branch or relocate the main office.
20. Within 10 days after opening, sends an e-mail or letter (sample notice) to the Licensing staff providing the date that the branch opened.
21. If the branch will not open or relocation does not occur within 18 months, requests an extension of time from the Licensing staff by submitting a written request.

### **Extension of Time (if applicable)**

#### **Licensing Staff**

22. If applicable, reviews the request for an extension of time to open; that is, determines if the bank provided sufficient information to prove that the reason for the delay is beyond its control. Notifies the bank of the decision on the extension.

### **Closeout**

#### **Licensing Staff or HQ LIC**

23. Reviews the bank's notice of opening and verifies that all required actions have been completed.
24. Enters the effective date for the branch opening by making CAIS entries.
25. Reviews the file for completeness and forwards it to Central Records.

## Procedures: Notice

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### **Main Office Relocation to Existing Branch Site within the Same City, Town, or Village**

#### Licensing Staff

1. Refers a bank that requests instructions to the "General Policy and Procedures" booklet and to this booklet of the *Comptroller's Licensing Manual*.

#### Bank

2. Submits a notice prior to the relocation to the Director for District Licensing.

### **Processing the Notice**

#### Licensing Staff

3. Establishes an official file that contains all original documents.
4. Sends a letter or e-mail to the bank acknowledging receipt of the notice.
5. Initiates and makes CAIS entries.

### **Closeout**

6. Sends the official file to Central Records.

## Glossary

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A **Bank Holding Company (BHC)** is the entity that controls the bank. In the case of a multi-tiered BHC structure, it is the top tier.

A branch, as provided in 12 USC 36(j), includes any branch bank, office, agency, additional office, or any branch place of business established by a national bank in the United States or its territories at which deposits are received, checks paid, or money lent. Branch facilities may include a messenger service, mobile branch, temporary facility, night depository (drop box), drive-in facility, or a seasonal agency.

A **central city**, as defined in 12 CFR 5.3(e), means the city or cities identified in the complete title of the Metropolitan Statistical Area (MSA) in which the relocating office is located.<sup>1</sup>

A **covered interstate branch** for the purposes of the deposit production rule (12 CFR 25.62) includes:

- Any branch of a national bank that is established or acquired outside of the bank's home state; or
- Any branch of a bank controlled by an out-of-state BHC.

An **eligible bank** is a national bank that:

- Has a composite CAMELS rating of 1 or 2.
- Has an outstanding or satisfactory CRA rating. (This factor does not apply to an uninsured bank or a special purpose bank covered by 12 CFR 25.11(c)(3).)
- Is well capitalized as defined in 12 CFR 6.4(b)(1).
- Is not subject to a cease and desist order, consent order, formal written agreement, or prompt corrective action directive or, if subject to any such order, agreement, or directive, is informed in writing by the OCC that it still may be treated as an "eligible bank."

The **home state of a national bank** is the state in which its main office is located.

The **home state of a BHC** is the state in which the total deposits of all of its banking

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<sup>1</sup>The Office of Management and Budget's (OMB) list of MSAs and Central Cities can be found on the Internet at <http://www.census.gov>. At the "Subjects A-Z" menu, click on "M," under "Municipal," click on "Metropolitan Area Population Estimates," then on "definitions," then on "historical definitions" page, and then click on "Central Cities." Copies of the OMB list may also be obtained by requesting the most recent "List of Metropolitan Area Definitions" (accession no. PB96-180575) from National Technical Information Services (NTIS), Document Sales, 5205 Port Royal Road, Springfield, VA 22161, (703) 487-4650.

subsidiaries are the largest as of the latter of July 1, 1966, or the date on which the company becomes a BHC under the Bank Holding Company Act (12 CFR 25.62).

**Immediate family** includes a person's father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, the spouse of any of the foregoing, and the person's spouse.

An **insider** includes an executive officer, director, or principal shareholder, and any related interest of such a person.

An **insider contract** is any financial or other business, voting, or ownership agreement, arrangement, or transaction, direct or indirect, oral or written, between any insider and the proposed bank.

An **intermittent** branch is a branch that opens at a fixed location in conjunction with a recurring event such as a state fair.

An **interstate bank** for the purposes of the deposit production rule is a national bank that:

- Is owned by a holding company the home state of which is different than that of the bank, or
- Operates a branch or branches in a state other than its home state.

A **jointly established branch** is a branch office established by more than one insured depository institution.

A **low- or moderate-income area**, as provided in 12 USC 1831r-1, means a census tract for which the median family income is: (1) less than 80 percent of the median family income for the MSA in which the census tract is located; or, (2) in the case of a census tract that is not located in an MSA, less than 80 percent of the median family income for the state in which the census tract is located, as determined without taking into account family income in MSAs in such state.

A **messenger service** is any service used by a national bank and its customers, to pick up from, and deliver to, specific customers at locations, such as homes or offices, items involving branching transactions — that is, items constituting deposits, withdrawals, or payments of loan proceeds — between the bank and its customers. (12 CFR 7.1012(a)).

A **military banking facility** is a banking office established on a U. S. military installation under the authority of 12 USC 90.

A **mobile branch** is a facility, other than a messenger service, that does not have a

single, permanent site, and includes a vehicle that travels to public locations for the conduct of branching transactions. A mobile branch may serve regularly scheduled locations or be open at various times and locations, such as county fairs, sporting events, or school registration periods. (A branch license is needed for each mobile unit.)

A **remote service unit (RSU)** is an automated facility, operated by a bank customer, that conducts banking functions, such as receiving deposits, paying withdrawals, or lending money. An RSU includes an ATM, automated loan machine, and automated device for receiving deposits. An RSU may be equipped with a telephone or televideo device that allows contact with bank personnel.

A **seasonal agency** is an office established in a resort community, within the limits of the county in which the bank's main office is located, that may receive and pay out deposits, issue and cash checks and drafts, and perform incidental business. Seasonal agencies may be approved by the OCC only if state law permits branching within the county or greater areas and if no bank is located and conducts business in the community in which the proposed agency will be located. Capital requirements of 12 USC 36 do not apply to seasonal agencies. Authorization of a seasonal agency will be revoked when a state or national bank opens in the community.

A **short-distance relocation**, in accordance with 12 CFR 5.3(l), means moving a branch or main office within: (1) a one-thousand foot radius of the site if the branch or main office is located within a central city of an MSA; (2) a one-mile radius of the site if not located within a central city, but if located within an MSA; or, (3) a two-mile radius of the site if not located within an MSA.

A **temporary branch** means a branch located at a fixed site and that is scheduled to, and will, permanently close no later than one year after the branch is first opened as specified in the branch application and the public notice.

## References

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### **Automated Teller Machine (ATM)**

Law 12 USC 36(j)  
Regulation 12 CFR 7.4003, 7.4005

### **Branch Closings**

Law 12 USC 1831r-1

### **Branch Names**

Issuance Interagency Statement, Branch Names  
Dated May 1, 1998

### **Branches—Definition, Establishment, Operation of, and ATM Exclusion**

Law 12 USC 36  
Regulation 12 CFR 5.30(d)

### **Capital Requirements for Branching**

Law 12 USC 36

### **Change in Location—Policy and Procedures**

Laws 12 USC 30, 36  
Regulations 12 CFR 5.30, 5.40

### **Community Reinvestment Act of 1977**

Laws 12 USC 2901 - 2908  
Regulation 12 CFR 25

### **Decisions**

Regulation 12 CFR 5.13

### **Deposit Production Rule**

Law 12 USC 1835a  
Regulations 12 CFR 7.4004, 25

### **Depository Institution Management Interlocks Act**

Laws 12 USC 3201-3208  
Regulation 12 CFR 26

### **Deposits Originating at Nonbranch Offices**

Regulations 12 CFR 7.4004, 7.4005

### **Expedited Processing**

Regulations 12 CFR 5.13, 5.30(f)(4)

### **Filing Fees**

Regulation 12 CFR 5.5

<b>Financial Literacy Program</b>	
Regulation	12 CFR 7.1021
<b>Investment in Bank Premises</b>	
Law	12 USC 371d
Regulations	12 CFR 5.37, 7.1000
<b>Loans Originating at Nonbranch Offices</b>	
Regulations	12 CFR 7.1003-1005, 7.4005
<b>Messenger Services</b>	
Regulation	12 CFR 7.1012
<b>National Environmental Policy Act</b>	
Laws	42 USC 4321-4347
Regulation	40 CFR 1500
<b>National Historic Preservation Act</b>	
Laws	16 USC 470-470x-6
Regulation	36 CFR 800
<b>Notice of Filing</b>	
Regulation	12 CFR 5.8(a)
<b>Public Comments and Hearing,</b>	
Regulations	12 CFR 5.10, 5.11
<b>Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994</b>	
Laws	12 USC 36(d), (e), (f), (g); 12 USC 215a-1; 12 USC 1831u, 1835a, 2906(d)
<b>Remote Service Units/ATM</b>	
Law	12 USC 36(j)
Regulations	12 CFR 7.4003, 7.4005
<b>Seasonal Agency</b>	
Law	12 USC 36(c)