

## **Reverse Stock Split Application**

### **General Information and Instructions**

#### **Preparation and Use**

This application is used to seek approval for a proposed reverse stock split. The requirements applicable to a change in permanent capital resulting from a reverse stock split by a national bank include 12 USC 21a, 52, 53, 56, and 59 and 12 CFR 5.46, 5.67, 7.2000 and 7.2023. The requirements applicable capital distribution resulting from a reverse stock split include 12 USC 1464 and 12 CFR 5.22 and 5.55. The relevant corporate governance provisions for authorizing a reverse stock split are available at 12 CFR 7.2000(b) for national banks and at 12 CFR 5.22(j)(2)(ii) for federal savings associations. A national bank or federal savings association (collectively, the bank or applicant) that files this application form in connection with a reverse stock split is not required to file a separate application form for a reduction in capital or capital distribution.

All questions must be answered with complete and accurate information that is subject to verification. If the answer is “none,” “not applicable,” or “unknown,” so state. Answers of “unknown” should be explained.

The questions in the application are not intended to limit the applicant’s presentation nor are the questions intended to duplicate information supplied on another form or in an exhibit. For such information, a cross-reference to the information is acceptable. Any cross-reference must be made to a specific citation or location in the documents, so the information can be found easily. Supporting information for all relevant factors, setting forth the basis for the applicant’s conclusions, should accompany the application. The regulatory agency may request additional information.

This application form collects information that the Office of the Comptroller of the Currency (OCC) will need to evaluate a reverse stock split application. The OCC must consider the applicable statutory and regulatory requirements when acting on this application. For additional information regarding these statutory and regulatory requirements, as well as processing procedures and guidelines and any supplemental information that may be required, refer to the OCC’s procedural guidelines in the Capital and Dividends booklet of the *Comptroller’s Licensing Manual*. The applicant may contact the OCC directly for specific instruction or visit the OCC’s Web site at [www.OCC.gov](http://www.OCC.gov).

#### **Notice of Publication**

Generally, public notice under 12 CFR 5.8 does not apply to a reverse stock split, unless the OCC determines that the application presents a significant or novel policy, supervisory, or legal issue where a public notice is considered necessary. A public notice also may be required where a reverse stock split application is accompanied by a second application that requires a publication notice under 12 CFR 5.8. In this instance, a public notice describing the entire

transaction may be necessary to ensure the public has a full understanding of the entire transaction.

If a notice is required, the applicant must publish notice of the proposed reverse stock split in a newspaper of general circulation in the community or communities in which the applicant proposes to engage in business. The OCC will provide specific requirements for the notice of publication.

### **Submission**

In addition to an original application and the appropriate number of signed copies, submit an electronic copy of the information in the application, especially of the business plan's financial projections, if applicable. For e-mail submissions, contact the OCC for instructions and information about secure transmission of confidential material.

### **Confidentiality**

Any applicant desiring confidential treatment of specific portions of the application must submit a request in writing with the application. The request must discuss the justification for the requested treatment. The applicant's reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of competitive position, invasion of privacy) that would result from public release of information (5 USC 552 or relevant state law). Information for which confidential treatment is requested should be (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential." The applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the application. Contact the OCC for any further questions regarding requests for confidential treatment.

## Reverse Stock Split Application

### Applicant

Name			Charter Number
Street Address			
City	County	State	Zip Code

### Parent Company Identifying Information (if applicable)

Name			
Street Address			
City		State	Zip Code

### Contact Person

Name			Title
Employer			
Street Address			
City		State	Zip Code
Phone No.			Email

### Overview

1. Did the bank adopt a corporate governance structure that was previously reviewed by the OCC?

Yes  No

If no, describe the corporate governance structure and provide a legal analysis describing the source of authority for the reverse stock split.

2. Describe the corporate purpose for the bank undertaking the proposed reverse stock split. Examples of corporate purposes include reducing the number of shareholders in order to qualify as a Subchapter S corporation and reducing costs associated with shareholder communications and meetings.

3. Does the bank certify that the corporate governance procedures provide shareholders with dissenters' rights that contain, at a minimum, the following elements:

a. Advance notice of dissenters' rights to shareholders before the shareholder meeting.

Yes  No

b. An independent third-party appraisal of the shares if the bank and any dissenting shareholders are unable to agree on the value of the dissenting shares.

Yes  No

c. Payment by the bank of the cost of appraising dissenting shares. *(The bank, however, need not pay the cost of other expenses of the appraisal proceeding, for example, attorney's fees of dissenting shareholders, unless required by state law or the appropriate court.)*

Yes  No

d. Binding arbitration by an independent third party, to be paid for by the bank, if the court that would ordinarily hear an appraisal action under the corporate governance procedures refuses jurisdiction to appraise the shares of a bank. *(Conduct of the arbitration must be consistent with the rules and procedures of the American Arbitration Association or another organization with expertise in alternative dispute resolution.)*

Yes  No

4. Describe the method used to establish a price.

5. For a national bank, does the bank certify that it will comply with the limitation on the par value of a national bank's common stock (12 USC 52)?

Yes  No

If no, discuss why.

6. Did the bank determine the price to be paid to minority shareholders for fractional shares? For a national bank, refer to 12 CFR 5.67.

Yes  No

If yes, provide a detailed analysis as to how the price was determined and the effect on the bank's shareholders.

If no, when will the bank determine the price for any fractional shares and by what method?

7. For a national bank, did the bank obtain the two-thirds' shareholder approval of the reduction in capital as required by 12 USC 59?

Yes  No

If yes, has the par value of the stock been amended?

Yes  No

If yes, include a copy of the Articles of Association.

If no, when will the shareholder vote occur?

8. For a federal savings association, did the bank obtain shareholder approval of the proposed transaction and any capital distribution, if required by the federal savings association's charter, bylaws, or the applicable laws and regulations?

Yes **FORMCHECKBOX** **FORMCHECKBOX**

**FORMCHECKBOX** **FORMCHECKBOX**

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