

## I. INTRODUCTION

Pursuant to Section 333.2 of the FDIC Rules and Regulations, no state nonmember insured bank (except a District bank<sup>1</sup>) or branch thereof shall cause or permit any change to be made in the general character or type of business exercised by it without the prior written consent of the FDIC. Section 333.1 sets forth the following five categories into which state nonmember insured banks are divided for the purpose of classifying the general character or type of business:

- Commercial banks;
- Banks and trust companies;
- Savings banks (including mutual and stock);
- Industrial banks; and,
- Cash depositories.

Pursuant to the interpretation provided in Section 333.101(a) of the FDIC Rules and Regulations, the extension by any state nonmember bank of its business to include personal, character or installment loans, or the extension by an industrial bank of its business to include the business of a commercial bank, is not a change in the general character or type of business requiring the prior written consent of the FDIC.

Additionally, the following are not changes in the general character of business and have their own application process. Applications requesting FDIC consent to exercise trust powers are separately discussed under *Consent to Exercise Trust Powers*, Section 13 of these Procedures. Applications requesting FDIC consent to approve conversion from mutual form to a stock form of ownership is discussed under *Mutual-to-Stock Conversions*, Section 10 of these procedures. Applications requesting FDIC consent to approve a new permissible activity is addressed under Section 28 of these procedures related to Part 362 of the FDIC rules and regulations.

Given the relative infrequency of requests pursuant to Section 333.2, the Case Manager should consult with Regional Office (RO) management, RO Legal counsel, and the appropriate Washington Office (WO) Risk Management and Applications Section (RMAS), Large Bank Supervision Group (LBS), or Complex Institution Supervision and Resolution (CISR) Section Chief upon receipt of these filings.

## II. FORM OF APPLICATION

Applicants should submit a letter application to the appropriate RO. The application should contain the following information:

1. The general character or type of business change being requested;
2. The reason for the requested change;
3. A summary of future business plans; and,
4. A discussion of members of management capable of prudently exercising the change.

The FDIC may request additional information at any time during processing of the filing.

---

<sup>1</sup> Bank chartered in the District of Columbia.

### III. ACCEPTING AND PROCESSING THE APPLICATION

Case Managers should review and process these letter applications following the steps below and refer to *Applications Overview*, Section 1.1 of these Procedures, for general processing guidance for all application types.<sup>2</sup>

1. Establish the record under Other – Miscellaneous - Anything Else in the appropriate internal database. All applications are to be recorded within three business days of receipt. In all cases, dates and comments in the record should be updated regularly to reflect the current status of the application.
2. Initially review all materials for completeness and request additional information, if necessary.
3. Request comments from the state regulatory authority.
4. Complete the appropriate Summary of Investigation (SOI) form.<sup>3</sup> Retrieve the Application Summary Statement from the system of record and attach to the SOI. The SOI should address the following:
  - The general character or type of business change being requested;
  - The reason for the requested change;
  - Future business plans/changes to the current business plan;
  - Analysis of the potential effect of the proposed change;
  - The historic compliance and CRA performance of the organization, if applicable;
  - Comments from the state regulatory authority; and,
  - A discussion of whether members of management are capable of managing and implementing the new power(s) to be exercised.

The narrative portion of the SOI should include a discussion of the effect of the proposed change on the institution overall, with focus on the impact of the change on the current general character or type of business. For applications requiring WO action, SOI comments should address the reasons why action cannot be taken by the RO.

5. If approval is being recommended, prepare a draft approval letter. The letter should request that the applicant notify the appropriate RO of the consummation date and should state that the approval will expire if not consummated within 12 months. The letter should include all applicable standard conditions and any recommended non-standard conditions. The Case Manager should obtain the applicant's written agreement to any non-standard conditions prior to submitting the approval documents for signature. Refer to *Standard and Non-standard Conditions*, Section 1.11 of these Procedures, for further instruction.
6. If the application presents significant concerns or deficiencies that may result in a denial, the RO shall advise the applicant of the concerns and deficiencies to ensure that all necessary facts are obtained prior to making a final determination. If denial of the application appears warranted, the Case Manager should prepare a disapproval letter. Refer to *Denials and*

---

<sup>2</sup> Case Managers are to follow the general guidance and expectations for all applications regarding receipt and acceptance, recordkeeping responsibilities, DCP notifications, WO action or input, delegations, and other applicable instructions in *Applications Overview*, Section 1.1 of these Procedures.

<sup>3</sup> Case Managers should follow the general instructions and SOI requirements for all types of applications located in *Summary of Investigation*, Section 1.2 of these Procedures, as well as the specific instructions in this Section.

*Disapprovals*, Section 1.3 of these Procedures, for additional information.

7. Generally, the RO has not been delegated authority to act on these types of applications. The Case Manager should forward a copy of the SOI, the draft letter, and the applicant's written agreement to any non-standard conditions to the WO for final action. Refer to *Applications Overview*, Section 1.1 of these Procedures, for additional instructions regarding applications that require WO action or input.
8. Update the system of record to reflect the date forwarded to the WO, if applicable, the final action, the date of the action, expiration date, the hours devoted to processing the application, and any other required information.

#### **IV. TIME FRAME FOR PROCESSING**

Statutory: None.

RO Processing Guideline: 45 days from receipt of a substantially complete application.

#### **V. PUBLICATION REQUIREMENT**

None.

#### **VI. DELEGATIONS OF AUTHORITY**

Delegations of authority regarding applications, notices, and other filings are discussed in *Applications Overview*, Section 1.1 of these Procedures.

Authority to act on applications submitted pursuant to Section 333.2 has not been explicitly delegated by the FDIC Board. Therefore, Case Managers should consult with the WO upon receiving such a request.

#### **VII. REFERENCES**

*Section 333.2 of the FDIC Rules and Regulations*