

2010

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

BUREAU OF BANKS AND TRUST COMPANIES

COMMERCIAL BANKING

BRANCH NAMES

BACKGROUND

On March 14, 1994, the former Illinois Commissioner of Banks and Trust Companies, now known as the Department of Financial and Professional Regulation, Division of Banking, issued Interpretive Letter 94-3 to provide guidance to state banks when using divisional or trade names in conjunction with its corporate name on signage or other written materials. Subsequently on June 7, 1996, revised guidance was issued, as provisions of Interpretive Letter 94-3 may have generated confusion and may have encouraged some banks to adopt branch names that may have been deceptive and confusing to bank customers. To the extent that the June 7, 1996 revisions conflicted with Interpretive Letter 94-3, provisions of Interpretive Letter 94-3 were deemed superseded.

In May, 1998, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision jointly issued an Interagency Statement on Branch Names, which became effective July 1, 1998, to address instances when a bank and its branches operate under different names. The Division of Banking, Bureau of Banks and Trust Companies ("Bureau") considers the guidance contained in Interpretive Letter 94-3, as amended by the June 7, 1996 revisions, to be substantially similar to the Interagency Statement on Branch Names issued on May 1, 1998. Both the state and federal guidelines seek to ensure that banks take reasonable steps to avoid customer confusion and misunderstanding when a bank uses a different name for a branch or other facility. The Bureau and the federal regulatory agencies are concerned that if depositors believe that such facilities are operated by separate institutions, they may inadvertently exceed FDIC insurance limits. The Bureau and the federal regulatory agencies believe it is important that bank customers fully understand the scope of Federal Deposit Insurance coverage in these circumstances.

POLICY STATEMENT

This policy statement provides notice that Bureau has adopted the Interagency Statement on Branch Names (refer to Attachment 1). By adopting this interagency

statement, the Bureau continues to provide guidance to banks that use a different name for a branch or other facility while lessening the regulatory burden of complying with two sets of guidelines.

[Adopted: July 8, 1999; Revised: October, 2005]

[Supersedes: Interpretive letter 94-3, March 14, 1994]

[Supersedes: Revisions to Interpretive Letter, June 7, 1996]

INTERAGENCY STATEMENT

BRANCH NAMES

May 1, 1998

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (the "Agencies") are issuing this Interagency Statement regarding the practice of insured depository institutions operating branches under different trade names in response to requests for guidance to some of the Agencies. While there are no federal laws or regulations that specifically require that all branches of an insured depository institution operate under a single name, the Agencies are concerned that if customers believe they are dealing with two different institutions, they may inadvertently exceed FDIC insurance limits by depositing excess amounts in different branches of the same institution. The Agencies believe it is important that customers understand the scope of FDIC insurance in these circumstances. Accordingly, an insured depository institution that intends to use a different name for a branch or other facility should take reasonable steps to ensure that customers will not become confused and believe that its facilities are separate institutions or that deposits in the different facilities are separately insured. Such measures may include, but are not limited to:

1) Disclosing, clearly and conspicuously, in signs, advertising, and similar materials that the facility is a branch, division, or other unit of the insured institution. The institution should exercise care that the signs and advertising do not create a deceptive and/or misleading impression.

2) Using the legal name of the insured institution for legal documents, certificates of deposit, signature cards, loan agreements, account statements, checks, drafts, and other similar documents.

3) Educating the staff of the insured depository institution regarding the possibility of customer confusion with respect to deposit insurance. The Agencies recommend that the insured depository institution instruct staff at the branch and any other facilities operating under trade names to inquire of customers, prior to opening new accounts, whether they have deposits at the depository institution's other facilities or branches. In addition, during the time period soon after one institution acquires or combines with another, staff should be reminded to call customers' attention to disclosures that identify a particular branch or facility as part of an institution.

4) Obtaining from depositors opening new accounts at the branch a signed statement acknowledging that they are aware that the branch and other facilities are in fact parts of the same insured institution and that deposits held at each facility are not separately insured.

EFFECTIVE: July 1, 1998
Revised September 2004