FEDERAL DEPOSIT INSURANCE CORPORATION
RIN 3064-ZA45

Statement of Policy on Bank Merger Transactions

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Rescission of the Statement of Policy on Bank Merger Transactions published in 2024 (2024 Statement of Policy) and Reinstatement of the FDIC's Statement of Policy on Bank Merger Transactions that was in effect prior to the 2024 Statement of Policy (Bank Merger Statement of Policy).

SUMMARY: The FDIC is taking final action to rescind the 2024 Statement of Policy and reinstate its prior Bank Merger Statement of Policy. The reinstated Bank Merger Statement of Policy will remain in effect pending the FDIC's review of all aspects of the regulatory framework governing the FDIC's review of merger transactions in connection with a future proposal to comprehensively revise its merger policy.

DATES: This Bank Merger Statement of Policy supersedes the 2024 Statement of Policy, effective on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

Section 18(c) of the Federal Deposit Insurance Act (FDI Act), which codifies the Bank Merger Act (BMA), prohibits an insured depository institution (IDI) from engaging in a merger transaction except with the prior approval of the responsible agency.[1] The FDIC has jurisdiction to act on merger transactions that solely involve IDIs in which the acquiring, assuming, or resulting institution is an FDIC-supervised institution.[2] The FDIC also has jurisdiction to act on merger transactions that involve an IDI and any non-insured entity, notwithstanding the IDI's charter.[3]

On March 11, 2025, the FDIC published a request for comment[4] in the *Federal Register* on a proposal to rescind the 2024 Statement of Policy issued on September 27, 2024[5] and to reinstate the FDIC's prior Bank Merger Statement of Policy, which was initially adopted in 1998 and amended most recently in 2008.[6]

Having considered the comments received, the FDIC Board of Directors is rescinding the 2024 Statement of Policy and reinstating the Bank Merger Statement of Policy as described in this Supplementary Information.

II. Overview of the Notice

A. Purpose

The FDIC proposed to rescind the 2024 Statement of Policy and reinstate the Bank Merger Statement of Policy due to concerns that the 2024 Statement of Policy added considerable uncertainty to the merger application process and raised additional questions

[1] 12 U.S.C. § 1828(c).
[2] 12 U.S.C. § 1828(c)(2).
[3] 12 U.S.C. § 1828(c)(1).
[4] 90 FR 11679 (Mar. 11, 2025).
[5] 89 FR 79125 (Sep. 27, 2024).
[6] *See* 63 FR 44761 (Aug. 20, 1998), 67 FR 48178 (Jul. 23, 2002), 67 FR 79278 (Dec. 27, 2002), and 73 FR 8870 (Feb. 15, 2008).

regarding when merger applications would be required.[7] The 2024 Statement of Policy also deemphasized the use of the Herfindahl-Hirschman Index (HHI) thresholds in the competitive effects analysis, which had long served as a predictable proxy for determining whether a proposed transaction is anticompetitive,[8] and replaced those thresholds with more subjective criteria. In addition, the 2024 Statement of Policy placed an affirmative burden on applicants to demonstrate that a merger transaction would enable the resulting institution to *better* meet the convenience and needs of the community to be served than would otherwise occur in the absence of the merger, without offering any objective or quantifiable criteria regarding how the FDIC would evaluate this factor.[9] There were also concerns that the 2024 Statement of Policy made the FDIC's merger review process less transparent and predictable and left prospective applicants unclear about the prospects for approval and the resources and time necessary to complete the merger application process. Based on these concerns, in March of 2025, the FDIC proposed a return to its historical approach by seeking comment on the reinstatement of the prior Bank Merger Statement of Policy, which is well-understood by the public and market participants. Reinstatement of the Bank Merger Statement of Policy would serve as an interim measure while the agency develops future policy regarding merger transactions.

B. *Summary of the Merger Policy Statement*

The Bank Merger Statement of Policy was first published in 1998 and was subsequently amended several times without public comment,[10] most recently in 2008. The Bank Merger

[7] *See e.g.*, *supra* n. 5 at 79134 ("The applicability of the BMA will depend on the facts and circumstances of the proposed transaction. In addition to transactions that combine institutions into a single legal entity through merger or consolidation, the scope of merger transactions subject to approval under the BMA encompasses transactions that take other forms, including purchase and assumption transactions or other transactions that are mergers in substance, and assumptions of deposits or other similar liabilities.").
[8] *See id.* at 79136.
[9] *See id.* at 79138.
[10] *See supra* n. 6.

Statement of Policy being reinstated is essentially[11] identical to the 2008 document. It includes a general introduction, followed by an overview of application procedures, a discussion of the FDIC's evaluation of the statutory factors required for consideration under the BMA,[12] and concludes with a list of related considerations. The discussion of the BMA statutory factors addresses the competitive factors, the prudential considerations related to financial and managerial resources and future prospects, the convenience and needs of the community to be served, and the effectiveness of each IDI involved in the proposed merger transaction in combatting money-laundering activities.

Although the Bank Merger Statement of Policy does not directly address the BMA's statutory factor related to the risk to the stability of the United States banking or financial system, which was added to the BMA by the Dodd-Frank Act in 2010,[13] the FDIC has articulated its approach to evaluating this factor in the context of merger transactions in the FDIC's Applications Procedures Manual.[14]

III. Summary and Discussion of Comments

The FDIC received 12 comment letters from 10 commenters on its proposal to rescind the 2024 Statement of Policy and reinstate the Bank Merger Statement of Policy. Two of the

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[11] The only changes are technical edits updating a room number and a citation.
[12] *Supra* n. 1.
[13] 12 U.S.C. 1828(c)(5), as amended by Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, § 604(f), 124 Stat. 1376, 1602 (2010).
[14] *See* FDIC Applications Procedures Manual, pp. 4-22—4-23, available at: *https://www.fdic.gov/sites/default/files/2024-03/pr19111a.pdf*. ("In evaluating a merger application, the FDIC must consider the risk to the stability of the United States banking or financial system (Section 18(c)(5) of the FDI Act). [The FDIC] consider[s] both quantitative and qualitative metrics when evaluating a transaction's impact on financial stability. The following is a non-exhaustive list of quantitative metrics [the FDIC] consider[s]: the size of the resulting firm; the availability of substitute providers for any critical products and services offered by the resulting firm; the interconnectedness of the resulting firm with the banking or financial system; the extent to which the resulting firm contributes to the complexity of the financial system; and the extent of cross-border activities of the resulting firm. In addition to these quantitative metrics, qualitative factors should inform the evaluation of the financial stability factor. Such factors include those that are indicative of the relative degree of difficult in resolving the resulting firm, such as the opaqueness and complexity of the resulting institution's operations.")

commenters sent two letters each writing separately first to request an extension of the comment period and then to discuss the proposal. Commenters included academics, advocacy groups, trade associations, and an individual.

A. Request for Extension of the Comment Period

Four commenters requested an extension of the thirty-day comment period. The FDIC decided not to extend the comment period given the desire to provide greater clarity for applicants in a timely manner as to how the FDIC would consider the BMA statutory factors in the context of a merger application. Reinstatement of the prior Bank Merger Statement of Policy supports this objective as it is well-understood by the public and market participants.

B. Comments on the Proposal to Rescind the 2024 Statement of Policy and Reinstate the Bank Merger Statement of Policy

Five commenters supported the proposed rescission of the 2024 Statement of Policy and the reinstatement of the Bank Merger Statement of Policy, and five commenters were opposed. Commenters who supported rescission and reinstatement objected to certain aspects of the 2024 Statement of Policy and noted IDIs' familiarity and experience with the Bank Merger Statement of Policy. For example, one commenter believed that the 2024 Statement of Policy introduced uncertainty and subjectivity into the merger review process that potentially deterred beneficial transactions and appropriate corporate reorganizations. This commenter believed that reinstatement of the Bank Merger Statement of Policy would help restore clarity and predictability for these transactions. Another commenter considered it a prudent measure for the FDIC to return to the previous, well-understood framework for reviewing merger transactions as an interim measure while it considered more comprehensive revisions to its merger policy. All

five commenters in support of rescission and reinstatement also generally supported a comprehensive review of the FDIC's evaluation of merger transactions.

Commenters who opposed the proposal generally expressed support for the 2024 Statement of Policy and stated that rescission would be regressive, counterproductive, and unnecessary. These commenters stated that the 2024 Statement of Policy provided more clarity regarding considerations that are not addressed in the Bank Merger Statement of Policy, including for example, the community and economic impacts of branch closures and the FDIC's adjudication of a merger application under the financial stability factor. Commenters who opposed reinstatement of the Bank Merger Statement of Policy also generally supported the 2024 Statement of Policy's treatment of the convenience and needs statutory factor, as well as the FDIC's expectations regarding public hearings for transactions where the resulting institution would have total assets of $50 billion or more, heightened financial stability standards for merger transactions where the resulting institution would have total assets of $100 billion or more, and references to community benefit agreements.

As discussed previously in this Supplementary Information section, the FDIC believes that the 2024 Statement of Policy has added considerable uncertainty to the merger application process. Accordingly, and in view of the comments received in support of the proposal, the FDIC believes it would be appropriate and beneficial to the public to rescind the 2024 Statement of Policy and reinstate the long-standing Bank Merger Statement of Policy that is both more familiar to, and better understood by, key stakeholders in the merger application process.

C. Comments Regarding Future Review of Merger Policy

Several commenters made recommendations to the FDIC in the context of its future review of the agency's merger policy, including ensuring closer adherence to the statutory

criteria, reducing automatic bars to approval based on supervisory ratings alone, promoting greater interagency coordination, providing concrete timelines for approval, and improving transparency. Commenters also urged consideration of a streamlined application process for certain transactions based on their size or nature, such as internal reorganizations or transfers involving a small number of deposits. Other commenters recommended implementing a *de minimis* exception for mergers of small IDIs in rural markets, modernizing the competitive effects analysis to consider competition from nonbanks and financial services firms, re-evaluating how the FDIC utilizes Summary of Deposits data when measuring market concentration, and ensuring closer coordination with State regulators. These comments will be considered, and the FDIC will seek additional public comments, in connection with a future proposal to comprehensively revise merger policy.

IV. Administrative Law Matters

A. Executive Order 12866

Executive Order 12866 as amended by Executive Order 14219 directs certain agencies to assess costs and benefits of significant regulatory actions and to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Pursuant to section 3(f) of Executive Order 12866, the Office of Information and Regulatory Affairs within the Office of Management and Budget has determined that the Rescission of 2024 Statement of Policy and Reinstatement of the FDIC's Bank Merger Statement of Policy that was in effect prior to 2024 is not a "significant regulatory action."

B. Paperwork Reduction Act

In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA),[15] the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The Bank Merger Statement of Policy does not create any new or revise any existing collections of information under the PRA. Therefore, no information collection request will be submitted to the OMB for review.

V. Bank Merger Statement of Policy

The text of the Bank Merger Statement of Policy is as follows:

FDIC Statement of Policy on Bank Merger Transactions

I. Introduction

Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), popularly known as the "Bank Merger Act," requires the prior written approval of the FDIC before any insured depository institution may:

(1) Merge or consolidate with, purchase or otherwise acquire the assets of, or assume any deposit liabilities of, another insured depository institution if the resulting institution is to be a state nonmember bank, or

(2) Merge or consolidate with, assume liability to pay any deposits or similar liabilities of, or transfer assets and deposits to, a noninsured bank or institution.

Institutions undertaking one of the above described "merger transactions" must file an application with the FDIC. Transactions that do not involve a transfer of deposit liabilities

[15] 44 U.S.C. 3501 *et seq*.

typically do not require prior FDIC approval under the Bank Merger Act, unless the transaction involves the acquisition of all or substantially all of an institution's assets.

The Bank Merger Act prohibits the FDIC from approving any proposed merger transaction that would result in a monopoly, or would further a combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Similarly, the Bank Merger Act prohibits the FDIC from approving a proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade. An exception may be made in the case of a merger transaction whose effect would be to substantially lessen competition, tend to create a monopoly, or otherwise restrain trade, if the FDIC finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. For example, the FDIC may approve a merger transaction to prevent the probable failure of one of the institutions involved.

In every proposed merger transaction, the FDIC must also consider the financial and managerial resources and future prospects of the existing and proposed institutions, the convenience and needs of the community to be served, and the effectiveness of each insured depository institution involved in the proposed merger transaction in combating money-laundering activities, including in overseas branches.

II. Application Procedures

1. *Application filing.* Application forms and instructions may be obtained from the appropriate FDIC office. Completed applications and any other pertinent materials should be filed with the appropriate FDIC office. The application and related materials will be reviewed by

the FDIC for compliance with applicable laws and FDIC rules and regulations. When all necessary information has been received, the application will be processed and a decision rendered by the FDIC.

2. *Expedited processing.* Section 303.64 of the FDIC rules and regulations (12 CFR 303.64) provides for expedited processing, which the FDIC will grant to eligible applicants. In addition to the eligible institution criteria provided for in § 303.2 (12 CFR 303.2), § 303.64 provides expedited processing criteria specifically applicable to proposed merger transactions.

3. *Publication of notice.* The FDIC will not take final action on a merger application until notice of the proposed merger transaction is published in a newspaper or newspapers of general circulation in accordance with the requirements of section 18(c)(3) of the Federal Deposit Insurance Act. See § 303.65 of the FDIC rules and regulations (12 CFR 303.65). The applicant must furnish evidence of publication of the notice to the appropriate FDIC office following compliance with the publication requirement. See § 303.7(b) of the FDIC rules and regulations (12 CFR 303.7(b)).

4. *Reports on competitive factors.* As required by law, the FDIC will request a report on the competitive factors involved in a proposed merger transaction from the Attorney General This report must ordinarily be furnished within 30 days, and the applicant upon request will be given an opportunity to submit comments to the FDIC on the contents of the competitive factors report.

5. *Notification of the Attorney General.* After the FDIC approves any merger transaction, the FDIC will immediately notify the Attorney General. Generally, unless it involves a probable failure, an emergency exists requiring expeditious action, or it is solely between an insured depository institution and one or more of its affiliates, a merger transaction may not be

consummated until 30 calendar days after the date of the FDIC's approval. However, the FDIC may prescribe a 15-day period, provided the Attorney General concurs with the shorter period.

6. *Merger decisions available.* Applicants for consent to engage in a merger transaction may find additional guidance in the reported bases for FDIC approval or denial in prior merger transaction cases compiled in the FDIC's annual "Merger Decisions" report. Reports may be obtained from the FDIC Public Information Center, 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226. Reports may also be viewed at *http://www.fdic.gov*.

III. Evaluation of Merger Applications

The FDIC's intent and purpose is to foster and maintain a safe, efficient, and competitive banking system that meets the needs of the communities served. With these broad goals in mind, the FDIC will apply the specific standards outlined in this Statement of Policy when evaluating and acting on proposed merger transactions.

Competitive Factors

In deciding the competitive effects of a proposed merger transaction, the FDIC will consider the extent of existing competition between and among the merging institutions, other depository institutions, and other providers of similar or equivalent services in the relevant product market(s) within the relevant geographic market(s).

1. *Relevant geographic market.* The relevant geographic market(s) includes the areas in which the offices to be acquired are located and the areas from which those offices derive the predominant portion of their loans, deposits, or other business. The relevant geographic market also includes the areas where existing and potential customers impacted by the proposed merger transaction may practically turn for alternative sources of banking services. In delineating the

relevant geographic market, the FDIC will also consider the location of the acquiring institution's offices in relation to the offices to be acquired.

2. *Relevant product market.* The relevant product market(s) includes the banking services currently offered by the merging institutions and to be offered by the resulting institution. In addition, the product market may also include the functional equivalent of such services offered by other types of competitors, including other depository institutions, securities firms, or finance companies. For example, share draft accounts offered by credit unions may be the functional equivalent of demand deposit accounts. Similarly, captive finance companies of automobile manufacturers may compete directly with depository institutions for automobile loans, and mortgage bankers may compete directly with depository institutions for real estate loans.

3. *Analysis of competitive effects.* In its analysis of the competitive effects of a proposed merger transaction, the FDIC will focus particularly on the type and extent of competition that exists and that will be eliminated, reduced, or enhanced by the proposed merger transaction. The FDIC will also consider the competitive impact of providers located outside a relevant geographic market where it is shown that such providers individually or collectively influence materially the nature, pricing, or quality of services offered by the providers currently operating within the geographic market.

The FDIC's analysis will focus primarily on those services that constitute the largest part of the businesses of the merging institutions. In its analysis, the FDIC will use whatever analytical proxies are available that reasonably reflect the dynamics of the market, including deposit and loan totals, the number and volume of transactions, contributions to net income, or

other measures. Initially, the FDIC will focus on the respective shares of total deposits[16] held by the merging institutions and the various other participants with offices in the relevant geographic market(s), unless the other participants' loan, deposit, or other business varies markedly from that of the merging institutions. Where it is clear, based on market share considerations alone, that the proposed merger transaction would not significantly increase concentration in an unconcentrated market, a favorable finding will be made on the competitive factor.

Where the market shares of the merging institutions are not clearly insignificant, the FDIC will also consider the degree of concentration within the relevant geographic market(s) using the Herfindahl-Hirschman Index (HHI)[17] as a primary measure of market concentration. For purposes of this test, a reasonable approximation for the relevant geographic market(s) consisting of one or more predefined areas may be used. Examples of such predefined areas include counties, the Bureau of the Census Metropolitan-Statistical Areas (MSAs), or Rand-McNally Ranally Metro Areas (RMAs).

The FDIC normally will not deny a proposed merger transaction on antitrust grounds (absent objection from the Department of Justice) where the post-merger HHI in the relevant geographic market(s) is 1,800 points or less or, if it is more than 1,800, it reflects an increase of less than 200 points from the pre-merger HHI. Where a proposed merger transaction fails this initial concentration test, the FDIC will consider more closely the various competitive dynamics at work in the market, taking into account a variety of factors that may be especially relevant and important in a particular proposal, including:

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[16] In many cases, total deposits will adequately serve as a proxy for overall share of the banking business in the relevant geographic market(s); however, the FDIC may also consider other analytical proxies.

[17] The HHI is a statistical measure of market concentration and is also used as the principal measure of market concentration in the Department of Justice's Merger Guidelines. The HHI for a given market is calculated by squaring each individual competitor's share of total deposits within the market and then summing the squared market share products. For example, the HHI for a market with a single competitor would be: $100^2 = 10{,}000$: for a market with five competitors with equal market shares, the HHI would be: $20^2 + 20^2 + 20^2 + 20^2 + 20^2 = 2{,}000$.

- The number, size, financial strength, quality of management, and aggressiveness of the various participants in the market;
- The likelihood of new participants entering the market based on its attractiveness in terms of population, income levels, economic growth, and other features;
- Any legal impediments to entry or expansion; and
- Definite entry plans by specifically identified entities.

In addition, the FDIC will consider the likelihood that new entrants might enter the market by less direct means; for example, electronic banking with local advertisement of the availability of such services. This consideration will be particularly important where there is evidence that the mere possibility of such entry tends to encourage competitive pricing and to maintain the quality of services offered by the existing competitors in the market.

The FDIC will also consider the extent to which the proposed merger transaction likely would create a stronger, more efficient institution able to compete more vigorously in the relevant geographic markets.

4. *Consideration of the public interest.* The FDIC will deny any proposed merger transaction whose overall effect likely would be to reduce existing competition substantially by limiting the service and price options available to the public in the relevant geographic market(s), unless the anticompetitive effects of the proposed merger transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. For this purpose, the applicant must show by clear and convincing evidence that any claimed public benefits would be both substantial and incremental and generally available to seekers of banking services in the relevant geographic market(s) and

that the expected benefits cannot reasonably be achieved through other, less anticompetitive means.

Where a proposed merger transaction is the least costly alternative to the probable failure of an insured depository institution, the FDIC may approve the merger transaction even if it is anticompetitive.

Prudential Factors

The FDIC does not wish to create larger weak institutions or to debilitate existing institutions whose overall condition, including capital, management, and earnings, is generally satisfactory. Consequently, apart from competitive considerations, the FDIC normally will not approve a proposed merger transaction where the resulting institution would fail to meet existing capital standards, continue with weak or unsatisfactory management, or whose earnings prospects, both in terms of quantity and quality, are weak, suspect, or doubtful. In assessing capital adequacy and earnings prospects, particular attention will be paid to the adequacy of the allowance for loan and lease losses. In evaluating management, the FDIC will rely to a great extent on the supervisory histories of the institutions involved and of the executive officers and directors that are proposed for the resulting institution. In addition, the FDIC may review the adequacy of management's disclosure to shareholders of the material aspects of the merger transaction to ensure that management has properly fulfilled its fiduciary duties.

Convenience and Needs Factor

In assessing the convenience and needs of the community to be served, the FDIC will consider such elements as the extent to which the proposed merger transaction is likely to benefit the general public through higher lending limits, new or expanded services, reduced prices, increased convenience in utilizing the services and facilities of the resulting institution, or other

means. The FDIC, as required by the Community Reinvestment Act, will also note and consider each institution's Community Reinvestment Act performance evaluation record. An unsatisfactory record may form the basis for denial or conditional approval of an application.

Anti-Money Laundering Record

In every case, the FDIC will take into consideration the effectiveness of each insured depository institution involved in the proposed merger transaction in combating money-laundering activities, including in overseas branches. In this regard, the FDIC will consider the adequacy of each institution's programs, policies, and procedures relating to anti-money laundering activities; the relevant supervisory history of each participating institution, including their compliance with anti-money laundering laws and regulations; and the effectiveness of any corrective program outstanding. The FDIC's assessment may also incorporate information made available to the FDIC by the Department of the Treasury, other Federal or State authorities, and/or foreign governments. Adverse findings may warrant correction of identified problems before consent is granted, or the imposition of conditions. Significantly adverse findings in this area may form the basis for denial of the application.

Special Information requirement if applicant is affiliated with or will be affiliated with an insurance company.

If the institution that is the subject of the application is, or will be, affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, the applicant must submit the following information as part of its application: (1) The name of insurance company; (2) a description of the insurance activities that the company is engaged in and has plans to conduct; and (3) a list of each state and the lines of business in that

state which the company holds, or will hold, an insurance license. Applicant must also indicate the state where the company holds a resident license or charter, as applicable.

IV. Related Considerations

1. *Interstate bank merger transactions.* Where a proposed transaction is an interstate merger transaction between insured banks, the FDIC will consider the additional factors provided for in section 44 of the Federal Deposit Insurance Act, 12 U.S.C. 1831u.

2. *Interim merger transactions.* An interim institution is a state- or federally-chartered institution that does not operate independently, but exists, normally for a very short period of time, solely as a vehicle to accomplish a merger transaction. In cases where the establishment of a new or interim institution is contemplated in connection with a proposed merger transaction, the applicant should contact the FDIC to discuss any relevant deposit insurance requirements. In general, a merger transaction (other than a purchase and assumption) involving an *insured* depository institution and a *federal* interim depository institution will not require an application for deposit insurance, even if the federal interim depository institution will be the surviving institution.

3. *Branch closings.* Where banking offices are to be closed in connection with the proposed merger transaction, the FDIC will review the merging institutions' conformance to any applicable requirements of section 42 of the FDI Act concerning notice of branch closings as reflected in the Interagency Policy Statement Concerning Branch Closing Notices and Policies. See 64 FR 34844 (Jun. 29, 1999).

4. *Legal fees and other expenses.* The commitment to pay or payment of unreasonable or excessive fees and other expenses incident to an application reflects adversely upon the management of the applicant institution. The FDIC will closely review expenses for professional

or other services rendered by present or prospective board members, major shareholders, or other insiders for any indication of self-dealing to the detriment of the institution. As a matter of practice, the FDIC expects full disclosure to all directors and shareholders of any arrangement with an insider. In no case will the FDIC approve an application where the payment of a fee, in whole or in part, is contingent upon any act or forbearance by the FDIC or by any other federal or state agency or official.

5. *Trade names.* Where an acquired bank or branch is to be operated under a different trade name than the acquiring bank, the FDIC will review the adequacy of the steps taken to minimize the potential for customer confusion about deposit insurance coverage. Applicants may refer to the Interagency Statement on Branch Names for additional guidance. See FDIC, Financial Institution Letter, 46-98 (May 1, 1998).

Federal Deposit Insurance Corporation.

By order of the Board of Directors.

Dated at Washington, DC, on [DATE].

Jennifer M. Jones

Deputy Executive Secretary.

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