

The Bank Merger Application Process Office of the Comptroller of the Currency (OCC)

Business combinations involving national banks and federal savings associations (FSA) are governed by the laws and regulations of the United States. The Comptroller's Licensing Manual on [Business Combinations](#) provides the OCC's policies and procedures regarding applications for business combinations for national banks and FSAs. Business combinations include mergers, consolidations, and certain purchase and assumption transactions.

A national bank or FSA must obtain approval from the OCC before consummating any business combination in which the bank or FSA will be the resulting entity.

The following is high-level summary of the OCC's review process for business combination applications.

Filing

The OCC's formal licensing process begins upon receipt of an application. The OCC publishes the filing in its [Weekly Bulletin](#) and on the OCC's [Corporate Applications Search page](#).

Applications may include public and confidential portions. To provide the public and interested stakeholders access to the public portions of bank merger applications and information regarding comment periods, the OCC posts them to its [FOIA Reading Room](#).

Public Comment Period

The Bank Merger Act requires the applicant to publish notice of the application in a newspaper for 30 days. The OCC may require additional public notice beyond a newspaper notice for 30 days if the OCC believes it necessary to ensure adequate public notice and opportunity to comment.

Public comments are invited on all applications under the Bank Merger Act. The applicant's notice provides the OCC's address to receive public comments, directs the public to the OCC's [Weekly Bulletin](#) for additional information regarding the filing, and notes the closing date of the comment period.

The OCC considers written information submitted during the comment period to inform its decision on an application. The OCC also may hold public [meetings or hearings](#) as a source of additional information for reaching a decision.

Review Process

In evaluating a business combination application, the OCC considers a number of relevant statutory and regulatory factors.

Statutory factors considered pursuant to the Bank Merger Act include the

- effect on competition.
- financial and managerial resources and future prospects of the banks involved.
- probable effects on the convenience and needs of the community served.
- banks' effectiveness in combating money laundering activities.

- risk to the stability of the U.S. banking and financial system.
- deposit concentration limit for certain interstate transactions.¹

The regulatory factors include:

- capital level of the resulting bank.
- conformity of the transaction to applicable law, regulation, and supervisory policies.
- purpose of the transaction.
- impact on the safety and soundness of the applicant bank.
- effect on the applicant bank's shareholders, depositors, creditors, and customers.
- the applicant bank's Community Reinvestment Act record.
- comments received from public meetings or hearings.
- total liabilities concentration limit.²

The OCC is also required under the Community Reinvestment Act to consider the applicant bank's performance in helping meet the credit needs of relevant communities.

Final Decision

The OCC only approves mergers which are consistent with applicable laws, regulations, policies, and safety and soundness considerations.

The OCC may condition its approval of an application if it determines that conditions are necessary or appropriate to ensure that approval is consistent with applicable laws, regulations, and OCC policies. The conditions remain in effect until the OCC removes them.

If the application is approved, the OCC informs the applicant in writing. The OCC then issues a letter certifying consummation if and when the bank has met all pre-merger requirements specified in its approval letter. Conditional approvals and certain other approvals of public interest are published in the OCC's [Interpretations and Actions](#). The OCC includes the approval and consummation date for a filing in its [Weekly Bulletin](#) and on the OCC's [Corporate Applications Search page](#).

¹ Refer to page 9 of the [OCC Licensing Manual on Business Combinations](#) for exceptions, which includes transactions involving an institution in default or in danger of default.

² 12 USC 1852.

Glossary

Affiliate: Generally, any company, including a bank or other depository institution that controls or is under common control with a bank.

Applicant: Generally, the acquiring depository institution.

Bank holding company: A company that owns or controls one or more U.S. banks or one that owns, or has controlling interest in, one or more banks. A bank holding company may also own another bank holding company, which in turn owns or controls a bank.

Consolidation: In the case of a national bank, any combination of existing depository institutions into a new entity under a national bank charter, or under the charter of an existing national bank, when at least one institution is a national bank. In the case of an FSA, any combination of existing FSAs into a new entity under an FSA charter, or under the charter of an existing FSA, when at least one institution is an FSA.

Depository institution: Any national or state bank or federal or state savings association.

Federal savings association: A depository institution (mutual or stock) chartered under section 5 of the Home Owners' Loan Act, 12 USC 1464.

Merger: The acquisition of one or more depository institutions by an existing national bank, FSA or interim national bank or interim FSA.

National bank: Any national banking association operating under the OCC's supervision.

Nonbank affiliate: With respect to a national bank, any company, other than a bank or FSA that controls, is controlled by, or is under common control with the national bank.

Purchase and assumption: A transaction when an insured national bank or FSA acquires the assets or assumes any deposit liabilities of another insured depository institution.