



Office of the Comptroller of the Currency

Interpretations - Conditional Approval #214

Published in Interpretations and Actions September 1996

August 26, 1996

Ms Evalyn Lipton Fishbein
Vice President and Counsel
STATE STREET BANK AND TRUST COMPANY
225 Franklin Street
Boston, Massachusetts 02110

RE: Charter filing for a national bank limited to trust powers, in the name of **Boston EquiServe Trust Company, National Association**, Canton, Massachusetts ("Bank"). ACN 96 NE 01 0013

Dear Ms Fishbein:

The Office of the Comptroller of the Currency has reviewed your application to establish a new national bank, limited to trust powers, with the title of Boston EquiServe Trust Company, National Association. On August 21, 1996, after a thorough evaluation of all data available to the OCC, we have decided to grant preliminary approval for the proposed bank. We have based our decision to grant preliminary approval on the information provided in your application, other correspondence between the applicant and the OCC, and other information available to the OCC.

We also made our decision to grant preliminary approval with the understanding that the proposed national trust bank will not be FDIC insured and with the expectation that the proposed bank will become a member of the Federal Reserve System.

The original operating plan, including any revisions, will provide a context for the supervisory review at the pre-opening examination. Major deviations from the plan or changes in the composition of the board of directors, or ownership, or chief executive officer that the Office has not approved may result in withdrawal of preliminary approval.

In addition to the enclosed standard conditions, you must fulfill certain special conditions:

1. State Street Boston Corporation or The First National Bank of Boston, its affiliates, successor owners or the Bank may not take any action that would materially alter it's, or a successor owner's, ownership interest in the Bank without prior approval of the OCC except when that change in ownership is subject to the prior approval of another federal depository regulatory agency. In the event the OCC considers a change in ownership, the OCC will apply the definitions and standards set forth in the Change in Bank Control Act and the OCC's implementing regulation (12 U.S.C. 1817(j) and 12 C.F.R. 5.50) in determining whether a change in it's, or successor's ownership interest is material and whether to approve a proposed change.

2. Boston EquiServe Trust Company, National Association shall assure that its operations are limited to that of a trust bank and that deposits other than trust funds are not accepted.
3. The limitations of Boston EquiServe Trust Company, National Association's activities must be fully enumerated in the Bank's Articles of Association. Specifically, the articles must clearly state:
 - The business of the association will be limited to that of a national trust bank;
 - The Bank must obtain the prior written approval of the OCC before amending its Articles of Association to expand the scope of its activities and services; and
 - Transfers of the Bank's stock are subject to prior approval of a federal depository institution regulatory agency. If no other agency approval is required, the OCC's approval must be obtained prior to the transfers. In such cases where OCC approval is required, the OCC will apply the definitions and standards of the Change in Bank Control Act and the OCC's implementing regulation to ownership changes in the bank.

Please be advised that the above special conditions 1 through 3 of this approval shall be deemed to be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. 1818(b)(5).

Some of the standard conditions referenced in the enclosed package of Standard Conditions together with the Minimum Policies and Procedures may not be applicable since the proposed bank's activities will be limited to those of a national trust bank. It is the responsibility of management to ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the bank commences business. Applicable standard conditions must be met before the bank will be allowed to commence business.

You may form a body corporate and begin organizing as soon as you adopt and forward to the OCC's Northeastern District Office, the Articles of Association and an Organization Certificate.

As a body corporate, you may begin to take those steps necessary for obtaining final approval, but you may not accept any appointment as a fiduciary until you fulfill all requirements for a bank in organization and a charter and trust permit are granted (see Instructions for the organization after preliminary approval in Section 2.3 of the *Comptroller's Manual for Corporate Activities*).

We require that, prior to opening, the Bank engage an independent, external auditor to perform an audit in accordance with generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the bank or consolidated holding company, taken as a whole. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the bank opens. We expect that such audits will be performed on an annual basis for at least five years following commencement of operations. Documentation verifying the engagement of an auditor should be submitted to the OCC during the organization phase of the Bank.

Organizational and pre-opening expenses significantly exceeding those projected in the application is a basis for revocation of this preliminary approval. Capital adequacy is not the sole basis for determining the acceptability of in-organization expenses. The OCC will evaluate the reasonableness of pre-opening expenses.

The OCC has no objection to the following persons serving as executive officers as proposed in the application. Additional executive officers are subject to the prior review and clearance of the

OCC.

President/CEO and Senior Trust Officer: Stephen J. MacQuarrie

Cashier: Donald A. Day

Executive Vice President: Charles V. Rossi

The enclosed standard conditions must be fulfilled before the bank will be allowed to commence business. Also, please note the standard condition pertaining to OCC prior approval of additions or changes in executive officers and directors for two years after the bank opens for business.

Your check for the remaining \$3,100 payable to the Comptroller of the Currency along with the completed forms for the first phase of the organization should be forwarded to the OCC within 30 days.

Equal Housing Lender posters, the *Comptroller's Manual for National Banks*, the *Comptroller's Manual for Corporate Activities*, the *Comptroller's Handbook*, any OCC publications specifically addressing directors, a set of Call Report forms and instructions, and a set of current banking circulars and bulletins, will be sent to you under separate cover.

Any questions concerning this preliminary approval should be directed to Linda Leickel, Licensing Analyst, at (212) 790- 4055.

Very truly yours,

/s/

MICHAEL G. TISCIA

Licensing Manager

Enclosures:

Standard Conditions

Checklist for Organization of a new national bank, Parts A and B

Instructions for the organization of a new national bank

Minimum Policies and Procedures