



April 3, 2017

**Conditional Approval #1170**  
**May 2017**

Ms. Jennifer N. Weidner  
Associate General Counsel  
Canandaigua National Bank and Trust Company  
72 South Main Street  
Canandaigua, New York 14424

Re: Application to Convert Genesee Valley Trust Company  
OCC Control Number: 2016-NE-Conversion-147345  
OCC Charter Number: 25135

Dear Ms. Weidner:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application of Genesee Valley Trust Company, Pittsford, New York (GVTC), a New York state trust company, to convert to a national bank limited to the activities of a trust company. This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the application and by GVTC's representatives during the application process. This approval is also subject to the pre-conversion requirements and conditions set out herein.

### **The Conversion**

GVTC provides trust and investment management services to individuals and businesses, including retirement plan services for local businesses and not-for-profit organizations. It is a wholly owned subsidiary of Canandaigua National Corporation (CNC), a federally regulated financial holding company that also wholly owns The Canandaigua National Bank and Trust Company and Canandaigua National Trust Company of Florida.

GVTC applied to the OCC for approval to convert to a national bank limited to the activities of a trust company. A state bank, including a state trust company, may convert into a national bank under 12 USC 35, with the approval of the OCC.<sup>1</sup> GVTC meets the criteria in section 35. Its sole shareholder has approved the conversion. The conversion would not be in contravention of state law. New York permits New York state banks and state trust companies to convert to a national charter.<sup>2</sup> The OCC finds that GVTC's application meets the requirements for approval to convert to a national bank limited to the activities of a trust company pursuant to 12 USC 35 and 12 CFR 5.24, and the OCC approves the conversion, subject to the pre-conversion requirements and conditions described below. The resulting national bank will have the title: Genesee Valley

<sup>1</sup> See, e.g., OCC Conditional Approval No. 696 (June 9, 2005).

<sup>2</sup> New York Banking Law 137(1).

Trust Company, National Association (GVTCNA). It will continue to have its main office in Pittsford, New York. GVTCNA will not have any additional offices at the time of conversion and currently has no plans to open any additional offices.

### **Fiduciary Powers**

This conditional approval also constitutes the OCC's grant to GVTCNA of authority to conduct the fiduciary powers requested in your application, under 12 USC 92a and 12 CFR 5.26.

Under 12 CFR 9.4, the board of directors is responsible for the bank's proper exercise of fiduciary powers. In discharging its responsibilities, the board may assign any function related to the exercise of fiduciary powers to any director, officer, employee, or committee thereof.

The board should also provide for:

- A proper delineation of duties for trust officer(s) and committee(s).
- The designation of the officers or employees responsible for custody of the trust investments in conformity with 12 CFR 9.13(a).
- The deposit of securities with state authorities where required by local law, according to 12 CFR 9.14.

The trust officers and staff should become thoroughly familiar with 12 CFR 9, "Fiduciary Activities of National Banks" and the series of Comptroller's Handbooks for Asset Management. (available electronically at <https://occ.gov/publications/publications-by-type/comptrollers-handbook/index-comptrollers-handbook.html>.)

### **Section 1818 Conditions**

This approval is subject to the following conditions:

1. At all times, GVTCNA shall maintain capital in an amount at least equal to the greater of (a) \$3.0 million (b) the amount required to be "well-capitalized" under the standards applicable to insured national banks under 12 CFR Part 6; *or* (c) such higher amount as the OCC may require pursuant to the exercise of its regulatory authority (GVTCNA's "Basic Capital Requirement"). At all times, at least 75 percent of GVTCNA's Basic Capital Requirement shall be comprised of Eligible Liquid Assets<sup>3</sup> (GVTCNA's

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<sup>3</sup> The term "Eligible Liquid Assets" means "Liquid Assets" that exceed the aggregate amount of all deposits, borrowed funds, and other liabilities on GVTCNA's balance sheet that reflect an obligation to repay funds to any party. The term Eligible Liquid Assets shall not include any assets that are pledged in any manner, nor any assets that are not free and kept free from any lien, encumbrance, charge, right of set off, credit or preference in connection

“Minimum Liquid Capital Requirement”). GVTCNA’s Basic Capital Requirement and GVTCNA’s Minimum Liquid Capital Requirement shall constitute GVTCNA’s “Minimum Capital Requirement.”

2. At all times, GVTCNA shall maintain liquidity in the form of Eligible Liquid Assets in an amount at least equal to the greater of one million nine hundred and four thousand dollars (\$1,904,000) or one hundred and eighty (180) days coverage of operating expenses, excluding any Excluded Expenses<sup>4</sup> (GVTCNA’s “Minimum Liquidity Requirement”). For purposes of meeting GVTCNA’s Minimum Liquidity Requirement, GVTCNA’s Minimum Capital Requirement is not an available liquidity source. Thus, in determining compliance with the Minimum Liquidity Requirement and the Minimum Capital Requirement, Eligible Liquid Assets needed to meet GVTCNA’s Minimum Capital Requirement shall not be included in calculating whether GVTCNA’s Minimum Liquidity Requirement is met.
3. If at any time GVTCNA fails to maintain GVTCNA’s Minimum Capital Requirement or GVTCNA’s Minimum Liquidity Requirement, GVTCNA shall take such corrective measures as the OCC may direct from among the provisions applicable to undercapitalized depository institutions under 12 USC 1831o(e) and 12 CFR Part 6. For purposes of this requirement, an action “necessary to carry out the purpose of this section” under 12 USC 1831o(e)(5) shall include restoration of GVTCNA’s capital and liquidity to levels that comply with GVTCNA’s Minimum Capital Requirement and GVTCNA’s Minimum Liquidity Requirement, and any other action deemed advisable by the OCC to address GVTCNA’s capital or liquidity deficiency or the safety and soundness of its operations.
4. GVTCNA’s Board shall adopt, implement, and maintain a system to analyze and maintain capital and liquidity commensurate with GVTCNA’s risk profile, in conformance with OCC Bulletin 2007-21, Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity (June 26, 2007), OCC Bulletin 2012-16, Capital Planning – Guidance for Evaluating Capital Planning and Adequacy (June 7, 2012), the

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with any claim against GVTCNA. The term “Liquid Assets” means (i) unencumbered cash; (ii) deposits at insured depository institutions with a maturity of 90 days or less; (iii) United States government obligations maturing within 90 days or less; and (iv) such other assets as to which the Bank has obtained a written non-objection from the OCC. Eligible Liquid Assets shall not include any obligation of CNC or any other affiliate.

<sup>4</sup> The term “Excluded Expenses” means (i) any non-cash charges (e.g., amortization and depreciation expenses); (ii) any account specific investment management fees/expenses paid to an affiliated or unaffiliated investment advisor that directly correlate to, and consist solely of a percent of, the revenues received on the affected account as a result of GVTCNA’s contractual obligation to provide investment management services; (iii) such other fees as to which GVTCNA has obtained a written non-objection from the OCC that directly correlate to, and consist solely of a percent of, the revenues received on the affected account.

“Liquidity” booklet of the Comptroller’s Handbook, as applicable, and any subsequent OCC guidance. The Board shall review GVTCNA’s capital and liquidity on at least an annual and quarterly basis, respectively, to determine if GVTCNA requires additional capital or liquidity.

5. GVTCNA (i) shall give the appropriate OCC Supervisory Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from the business plan or operations as reflected in GVTCNA’s conversion application, and (ii) shall obtain the OCC’s written determination of no supervisory objection before it engages in any significant deviation or change from its business plan or operations.<sup>5</sup> For purposes of this condition, “significant deviation or change” shall be construed in light of the guidance provided in Appendix F to the Charters booklet of the Comptroller’s Licensing Manual (September 2016). The OCC may impose additional conditions it deems appropriate in any written determination of no supervisory objection it issues in response to GVTCNA’s written notice.

These conditions of approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

### **Pre-Conversion Requirements and Process**

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. The board of directors must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank’s compliance with them.
3. The converting institution must apply to the Federal Reserve for membership.
4. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.

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<sup>5</sup> If such deviation is the subject of an application filed with the OCC, the filing and acceptance of such application shall constitute notice to the Supervisory Office for purposes of this condition and no additional notice shall be required.

5. The converting institution must notify the OCC, if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the “Conversion Completion Certification” (see enclosed). Please provide the certification to the OCC at least 10 days in advance of the date GVTC plans to open as a national bank.

When the institution satisfactorily completes all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive the charter certificate.

If the conversion is not consummated within six months from the date of this approval, the approval will automatically terminate, unless the OCC grants an extension. The OCC is opposed to granting extensions, except under the most extenuating circumstances, and expects the conversion to occur as soon as possible.

## **Conclusion**

OCC handbooks, manuals, bulletins, and other publications are available for download at <http://www.occ.gov/publications/index-publications.html>. National banks, federal savings associations, employees, and other interested parties can subscribe to the OCC News E-mail List at [www.occ.gov/tools-forms/subscribe/occ-email-list-service.html](http://www.occ.gov/tools-forms/subscribe/occ-email-list-service.html). OCC news releases, bulletins, and alerts are also available by subscribing to the agency’s four RSS news feeds at [www.occ.gov/rss/index-rss.html](http://www.occ.gov/rss/index-rss.html).

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. This approval is based on GVTC’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this approval pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how the OCC handled your application. We would appreciate your response so we may continue to improve our service.

Ms. Jennifer N. Weidner  
OCC Control Number: 2016-NE-Conversion-147345  
April 3, 2017  
Page 6 of 6

All correspondence regarding this application should reference the OCC control number. If you have any questions, please contact Licensing Analyst Laurie Powell at (917) 790-4055 or [laurie.powell@occ.treas.gov](mailto:laurie.powell@occ.treas.gov).

Sincerely,

*signed*

Marva V. Cummings  
Director for District Licensing

Enclosures: Conversion Completion Certification (Sample)  
Survey Letter