



May 7, 2019

**Conditional Approval #1216**  
**June 2019**

Mr. Zachary A. Abeles, General Counsel  
Stifel Trust Company, National Association  
501 North Broadway  
St. Louis, Missouri 63102

Subject: Application by Stifel Trust Company, National Association, St. Louis, Missouri, for a  
Substantial Asset Change

OCC Control No. 2018-NE-5.53-306788

Charter No.: 24627

Dear Mr. Abeles:

The Office of the Comptroller of the Currency (OCC) hereby grants conditional approval for the application by Stifel Trust Company, National Association, St. Louis, Missouri (STCNA or Bank) for a substantial asset change pursuant 12 CFR 5.53. This conditional approval is granted after a thorough review of the application, other materials supplied by the applicant's representatives, and other information available to the OCC, including commitments and representations made in the application and during the application process. This approval is subject to the conditions set out herein.

### **Background and Substantial Asset Change**

STCNA is a special purpose national bank whose activities are limited to those of a trust company and activities related thereto.<sup>1</sup> It provides personal fiduciary services, including trust and investment management, as well as custody services to clients of its parent, Stifel Financial Corp., its affiliated broker-dealer, Stifel, Nicolaus & Company, Incorporated (Stifel Nicolaus), and their affiliated companies. The existing Bank is the result of the 2015 merger of Stifel Trust Company, National Association, St. Louis, Missouri, with and into 1919 Investment Counsel and Trust Company, National Association, Baltimore, Maryland (1919).<sup>2</sup> Upon consummation of the 2015 merger, 1919 changed its name to STCNA and changed the location of its main office to St. Louis, Missouri. As a condition of the merger approval, and consistent with the OCC's policy for trust banks, STCNA entered into an operating agreement with the OCC (December 31, 2015 Operating Agreement) that includes requirements regarding the Bank's business plan (Business Plan).

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<sup>1</sup> See 12 USC 27(a)(last sentence).

<sup>2</sup> See OCC Conditional Approval #1137 (October 7, 2015).

STCNA is insured by the Federal Deposit Insurance Corporation (FDIC). Currently, it holds only an affiliated deposit in the minimum amount necessary to be deemed engaged in the business of receiving deposits other than trust funds so that it can maintain its deposit insurance under the FDIC's regulations.<sup>3</sup> STCNA now seeks approval to hold deposits in connection with two deposit sweep programs, one for retirement accounts and one for non-retirement accounts, in which it plans to participate with its affiliate, Stifel Nicolaus (Deposit Sweep Programs). Under the Deposit Sweep Programs, cash balances in securities brokerage accounts of Stifel Nicolaus's clients will be swept into deposit accounts at STCNA with Stifel Nicolaus named as custodian of the accounts.

Participation in the Deposit Sweep Programs is projected to increase STCNA's size by more than 25 percent in a one year period. This meets the definition of substantial asset change under 12 CFR 5.53.<sup>4</sup> In addition, STCNA's articles of association limit its activities to fiduciary and fiduciary related activities. Participation in the Deposit Sweep Programs is not a fiduciary or fiduciary related activity and so participation in the Deposit Sweep Programs constitutes a change in STCNA's charter purpose; this also meets the definition of substantial asset change under the regulation.<sup>5</sup> Accordingly, the Bank was required to file an application with the OCC under section 5.53 and receive the OCC's prior approval before engaging in the Deposit Sweep Programs.<sup>6</sup>

## **OCC Review**

In determining whether to approve an application under section 5.53, the OCC considers the capital level of any resulting national bank, the purpose of the transaction, its conformity to applicable law, regulation and supervisory policies, its impact on the safety and soundness of the bank, and its effect on the bank's shareholders, depositors, other creditors, and customers.<sup>7</sup> When a substantial asset change involves an expansion of the bank's operations or a change in the purpose of the bank's charter, the OCC's review includes, in addition to foregoing factors, the factors governing the organization of a bank under section 5.20.<sup>8</sup>

The OCC has considered the relevant factors under sections 5.53 and 5.20 and finds them consistent with approval, subject to the Bank's compliance with the conditions below.

## **Conditions**

This approval is subject to the following conditions:

1. Prior to engaging in the Deposit Sweep Programs, the Bank shall submit to the OCC for prior approval an amendment to its articles of association indicating that it will engage in

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<sup>3</sup> See 12 CFR 303.14.

<sup>4</sup> See 12 CFR 5.53(c)(1)(iii).

<sup>5</sup> See 12 CFR 5.53(c)(1)(v) and 12 CFR 5.20(1)(2).

<sup>6</sup> See 12 CFR 5.53(d)(2).

<sup>7</sup> 12 C.F.R. § 5.53 (d)(3)(i)(A).

<sup>8</sup> 12 C.F.R. § 5.53(d)(3)(ii).

such activity in addition to engaging in fiduciary activities and activities related thereto, and shall not begin engaging in the Deposit Sweep Programs until it has received OCC approval for the amendment and adopted the amendment.

2. The Bank shall operate the Deposit Sweep Programs so that deposits accepted under the program are not brokered deposits within the meaning of 12 CFR 337.6, and as interpreted in FDIC Advisory Opinion No. 05-02, or any subsequent advisory opinion or other guidance issued by the FDIC.
3. Within ten days of the date of this approval, STCNA shall revise its most recent Business Plan to which the OCC has provided a written determination of no supervisory objection to incorporate the Deposit Sweep Programs as reflected in the application, ensure the Business Plan otherwise meets the requirements of Article IV, paragraph (2) of the December 31, 2015 Operating Agreement, and submit the revised Business Plan to the OCC for a written determination of no supervisory objection. Once the Bank receives the OCC's written determination of no supervisory objection to the revised Business Plan, the Bank shall promptly adopt, implement and thereafter adhere to the revised Business Plan, and shall not make a material change to or significantly deviate from the revised Business Plan except in accordance with Article IV, paragraph (4) of the Operating Agreement.

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.

## **Conclusion**

If the Bank does not begin participating in the Deposit Sweep Programs within six months of the date of this conditional approval, the approval shall automatically terminate unless the OCC grants an extension of the time period.

This 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. Our decision is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this decision if a material change in information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

We have enclosed a letter requesting your feedback on how we handled your application. We would appreciate your response to improve our service.

Zachary A. Abeles, General Counsel  
Stifel Trust Company, National Association  
Control No.: 2018-NE-5.53-306788

If you have any questions, please contact Licensing Analyst James Hill at (212) 790-4055 or by email at [James.Hill@occ.treas.gov](mailto:James.Hill@occ.treas.gov). Please include the Application Control Number on any correspondence related to this filing.

Sincerely,

/s/

Marva V. Cummings  
Director for District Licensing

Enclosure: Survey Letter