Office of Thrift Supervision
Department of the Treasury

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Richard M. Riccobono
Deputy Director

June 11, 1998

MEMORANDUM FOR: Chief Executive Officers

FROM: Richard M. Riccobono

SUBJECT: Interagency Statement on Branch Names

This memorandum transmits guidance prepared by the Office of Thrift Supervision and the other Federal banking regulatory agencies related to the practice of insured depository institutions operating branches under different trade names. The statement was issued to address the concern that depositors may inadvertently exceed the Federal Deposit Insurance Corporation insurance limits by depositing more than $100,000 in differently named facilities of the same institution. The statement encourages institutions that operate branches under different names to adopt procedures to help customers recognize that different facilities of a bank or thrift (including Internet sites) are not separately insured because they operate under different names.

These guidelines recommend clear and conspicuous disclosures, and the use of the legal name of the insured institution on all legal documents, certificates of deposit, signature cards, loan agreements, account statements, and other similar documents. It also recommends educating staff and requiring depositors that open new accounts to sign a statement acknowledging their understanding that the deposits are not separately insured. Please contact your OTS Regional Office if you have any questions.

Attachment

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
FEDERAL DEPOSIT INSURANCE CORPORATION
OFFICE OF THE COMPTROLLER OF THE CURRENCY
OFFICE OF THRIFT SUPERVISION

INTERAGENCY STATEMENT

BRANCH NAMES

May 1, 1998

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (the "Agencies") are issuing this Interagency Statement regarding the practice of insured depository institutions operating branches under different trade names in response to requests for guidance to some of the Agencies. While there are no federal laws or regulations that specifically require that all branches of an insured depository institution operate under a single name,[1] the Agencies are concerned that if customers believe they are dealing with two different institutions, they may inadvertently exceed FDIC insurance limits by depositing excess amounts in different branches of the same institution. The Agencies believe it is important that customers understand the scope of FDIC insurance in these circumstances.[2] Accordingly, an insured depository institution that intends to use a different name for a branch or other facility should take reasonable steps to ensure that customers will not become confused and believe that its facilities are separate institutions or that deposits in the different facilities are separately insured.[3] Such measures may include, but are not limited to:

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[1] There may be state laws that need to be considered with respect to operating under a trade name. In addition, regulations applicable to insured institutions that may be promulgated by the Board of Governors of the Federal Reserve System or the Office of Thrift Supervision (as applicable) under the Federal Trade Commission Act, 15 U.S.C. § 57a(f) et. seq., regarding the prevention of unfair or deceptive acts or practices, could apply to the use of branch names.

[2] Generally, each depositor at an insured depository institution is insured up to $100,000. See 12 U.S.C. §§ 1813(m), 1817(i), and 1821(a). Insured deposit limits are determined in accordance with regulations prescribed by the FDIC at 12 C.F.R. Part 330.

[3] The practice of insured depository institutions using different trade names over a computer network such as the Internet raises the same concern discussed herein. Accordingly,

1) Disclosing, clearly and conspicuously, in signs, advertising, and similar materials that the facility is a branch, division, or other unit of the insured institution. The institution should exercise care that the signs and advertising do not create a deceptive and/or misleading impression.

2) Using the legal name[4] of the insured institution for legal documents, certificates of deposit, signature cards, loan agreements, account statements, checks, drafts, and other similar documents.

3) Educating the staff of the insured depository institution regarding the possibility of customer confusion with respect to deposit insurance. The Agencies recommend that the insured depository institution instruct staff at the branch and any other facilities operating under trade names to inquire of customers, prior to opening new accounts, whether they have deposits at the depository institution's other facilities or branches. In addition, during the time period soon after one institution acquires or combines with another, staff should be reminded to call customers' attention to disclosures that identify a particular branch or facility as part of an institution.

4) Obtaining from depositors opening new accounts at the branch a signed statement acknowledging that they are aware that the branch and other facilities are in fact parts of the same insured institution and that deposits held at each facility are not separately insured.

EFFECTIVE DATE: July 1, 1998

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institutions intending to use different trade names over a computer network should take reasonable steps to ensure that customers will not be confused about either the identity of the insured depository institution or the extent of FDIC insurance coverage.

[4] The legal name of an insured institution is its full name as reflected in its charter, except that an insured institution may abbreviate terms that are indicators of corporate status (e.g., N.A., F.S.B., Inc., Corp.).

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