



PROHIBITION ON THE USE OF INTERSTATE
BRANCHES PRIMARILY FOR DEPOSIT PRODUCTION

FIL-58-2002
June 6, 2002

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: Banking Agencies Amend Joint Final Rule on Prohibition Against Use of
Interstate Branches Primarily for Deposit Production

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the Office of the Comptroller of the Currency have issued final regulations amending the joint rule that prohibits interstate branches from being used primarily for deposit production. The joint final rule, effective October 1, 2002, is attached.

The joint final rule implements section 106 of the Gramm-Leach-Bliley Act of 1999 (GLBA), which amends section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act). Section 109 prohibits any bank from establishing or acquiring a branch or branches outside of its home state primarily for the purpose of deposit production, and provides guidelines for determining whether the bank is reasonably helping to meet the credit needs of the communities served by these branches. Section 106 of the GLBA expanded the coverage of section 109 of the Interstate Act to include any branch of a bank controlled by an out-of-state bank holding company. The joint final rule, therefore, extends the scope of the regulatory prohibition against branches being used as deposit production offices to include any bank, and all branches of any bank, controlled by an out-of-state bank holding company. This includes a bank consisting only of a main office and any branches of the bank located in the same state as the bank's main office.

Please pass along this information to your compliance officer.

For more information, please contact Louise Kotoshirodo Kramer, Policy Analyst in the FDIC's Division of Compliance and Consumer Affairs, at (202) 942-3599 or Mark Mellon, Counsel in the FDIC's Legal Division, at (202) 898-3884.

Michael J. Zamorski
Director

Attachment: June 6, 2002, Federal Register, pages 38844-38849
[HTML](#) | [PDF](#) (55.7 KB File - [PDF Help](#) or [Hard Copy](#))

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