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PART IV



DEPARTMENT OF THE TREASURY

Comptroller of the Currency



SECURITIES OFFERING DISCLOSURE RULES

**Revision of Offering Circular
Requirements**

Title 12—Banks and Banking

CHAPTER I—COMPTROLLER OF THE CURRENCY DEPARTMENT OF THE TREASURY

PART 16—SECURITIES OFFERING DISCLOSURE RULES

Revision of Offering Circular Requirements

On August 5, 1976, the Comptroller of the Currency published in the FEDERAL REGISTER (41 FR 32864) for comment a proposed revision to Part 16 of Title 12 of the Code of Federal Regulations. The Comptroller has adopted that revision to Part 16 in a modified form.

The regulation now requires that each existing or newly organized national bank provide an offering circular to investors when it offers or sells its equity or debt securities, subject to specific exemptions. Previously, an existing national bank was not required to furnish an offering circular when it offered or sold its equity securities.

The revision of Part 16 has been adopted in order that prospective investors will be provided with all material facts and information relating to the business operations and financial condition of national banks seeking to obtain funds through the public offer and sale of their securities. The revised regulation will become effective on February 10, 1977, and every offering circular filed by a national bank on or after that date must be prepared in accordance with its requirements.

A. As a result of careful consideration of the comments received, the following changes in the original proposal have been made in addition to language changes for clarification:

1. Section 16.2(c) defining the terms "sale" or "sell" has been modified by striking the term "reclassification" and substituting the term "reorganization," in order to more accurately describe the types of corporate transactions covered. A corresponding modification has been made in § 16.4(c).

2. Section 16.3(c) has been added to specify that an offering circular required of an existing bank shall be filed with the Comptroller of the Currency in Washington, DC, while an offering circular required of a bank in organization shall be filed with the Regional Office of the Comptroller of the Currency in the Region where the bank will be located. The subsequent paragraphs of the section have been appropriately redesignated.

3. Section 16.3(d) has been modified to require that six, rather than four, copies of the offering circular be filed, together with two copies of any underwriting agreement to be executed. In addition, the signature requirement has been modified to provide that the certificate accompanying the offering circular shall be signed by the principal financial officer, rather than the cashier, of the bank.

4. The transaction exemption under § 16.4(b) has been modified to cover any offering where the amount of the securities

offered for sale, when aggregated with the amount of all other sales by the bank of its securities within 12 months immediately preceding commencement of the subject offering, does not exceed \$300,000. This provision of the regulation was the subject of many comments. The criterion was raised from \$100,000 in order to provide more flexibility for banks seeking to raise small amounts of funds from the public capital markets. Nevertheless, such public offerings are subject to the antifraud provisions of the Federal securities laws. In view of the liabilities which may attach under section 17 of the Securities Act of 1933, and section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, the Comptroller wishes to emphasize that those banks making offerings exempt from the offering circular requirements of the regulation under any of the provisions of § 16.4(b) should consider the need and means for accurately and completely disclosing all material facts to investors.

5. Section 16.4(d) has been added to provide an exemption from the regulation for any transaction involving the exercise of a conversion right. Subsequent paragraphs have been appropriately redesignated.

6. Section 16.5(d) has been revised to specify the method by which a request may be made of the Comptroller of the Currency to expand the permissible number of purchasers in a private placement.

7. Section 16.6, Item 5, Instruction 2 has been expanded to include a definition of the term "fixed charges," a component of the ratio of earnings to fixed charges required to be disclosed when debt securities are being offered. In addition, the pro forma ratio of earnings to fixed charges will be required to be shown both including and excluding interest on deposits.

8. Section 16.6, Item 6 has been substantially modified to require, for banks with assets in excess of \$400 million, more detailed information relating to loans, deposit distributions, and securities trading accounts.

B. The following comments were carefully considered but were not adopted for the reasons specified:

1. A number of commentators suggested that the number of purchasers permitted in a private placement under § 16.5(d) be expanded from 15 to 35, the standard of Securities and Exchange Commission Rule 146. The standard originally proposed has been retained in view of the simple procedure available for increasing the number of permissible purchasers beyond 15 upon an adequate factual showing by the bank to the Comptroller of the Currency. Such a procedure has no parallel in Rule 146. The approach which has been adopted affords the Comptroller of the Currency greater flexibility without restricting a bank from structuring legitimate private placements.

2. Several commentators suggested that a definition of the term "material"

be included in the regulation. The concept of materiality is interwoven throughout the fabric of securities regulation and is continually being redefined by the courts. The term is, by its nature, subjective and must be interpreted in light of all the facts and circumstances of each situation. It would be inappropriate to attempt to define a term of such complexity which so significantly impacts the quality and quantity of disclosure.

3. Several commentators suggested that the five year period for which a summary of earnings is required under § 16.6, Item 5, be reduced to three years. The five year requirement is consistent with the period for which comparable financial information is used in analyzing applications submitted by banks to the Comptroller of the Currency for authority to increase capital. Thus, the five year requirement has been retained.

4. Some commentators raised objections to the revision of Part 16 in light of the exemption of bank securities from the registration requirements of the Securities Act of 1933 ("the 1933 Act"). The Comptroller notes that its offering circular regulation has been in existence since 1964. It was issued consistent with the authority of the Comptroller under 12 U.S.C. § 57 to approve all capital increases by a national bank. Its purpose was, and is, to assure that a bank provide prospective investors with similar narrative and financial information which the bank provides the Comptroller in the application to increase capital. This follows the Comptroller's Policy Statements recently adopted through public rulemaking procedures (41 FR 47964), which set forth procedures and standards applicable to the issuance of capital stock and debt obligations by national banks. Congress specifically exempted bank securities from the regulation requirements of the 1933 Act in recognition of appropriate regulation by banking agencies.

5. A number of commentators suggested that significant economic burdens would be encountered by smaller banks in preparing the prescribed offering circular, but no substantiation for the comments was provided. The narrative information called for by the offering circular disclosure guidelines of Part 16, as revised, relates to basic banking operations and should be readily available to, and easily compiled by, any well managed bank. The financial statements required to be included in an offering circular are virtually identical to the Consolidated Statements of Condition and Income (Call Reports) furnished by the bank to the Comptroller and included in the Annual Reports to Shareholders pursuant to 12 CFR 18 or 12 CFR 11. Many of the fees and expenses associated with a registration statement filed with the Securities and Exchange Commission under the 1933 Act are not necessarily applicable to the preparation of a Part 16 offering circular. Moreover, most of these commentators suggested increas-

ing the amount of the transaction exemption for small offerings as one method of reducing the economic burden. As previously discussed in this preamble, the Comptroller did increase this exemption from \$100,000 to \$300,000. Consequently, the Comptroller believes that Part 16, as adopted, will not impose economic burdens, even on smaller banks.

The Comptroller of the Currency finds that the changes made to the proposal of August 5, 1976, respond to public comments, and consist of corrections and clarifications which do not impose additional burdens on affected persons. Accordingly, further public participation in this rulemaking process is not required by the relevant provision of 5 U.S.C. 553 relating to notice and opportunity for additional public comment.

Effective date: The effective date of this revision is February 10, 1977.

12 CFR Part 16 is revised to read as follows:

- Sec.
- 16.1 Authority.
- 16.2 Definitions.
- 16.3 Offering circular requirements, filing and effective date.
- 16.4 Exempt transactions.
- 16.5 Nonpublic offerings.
- 16.6 Form and content of an offering circular of an existing bank.
- 16.7 Form and content of an offering circular of a bank in organization.
- 16.8 Advertisements.

AUTHORITY: The provisions of this Part 16 are issued under 12 U.S.C. 1 et seq.

§ 16.1 Authority.

This Part is issued under the general authority of the national banking laws, R.S. 324 et seq. as amended; 12 U.S.C. 1 et seq., and contains rules applicable to the offering of securities.

§ 16.2 Definitions.

When used in this Part, unless the context otherwise requires:

(a) The term "bank" means an existing national bank, a national bank in organization, or a bank operating under the Code of Law of the District of Columbia.

(b) The term "offer," "offer to sell," "offer for sale," or "offering" shall include every attempt or offer to dispose of, or solicitation of an offer to buy, a security, for value. The terms defined in this paragraph shall not include, with respect to a bank in organization, the solicitation of indications of interest preliminary to any solicitation of subscriptions.

(c) The term "sale" or "sell" shall include every contract of sale or disposition of a security, for value, including every merger, transfer of assets, consolidation, and reorganization (other than a stock dividend, stock split, reverse stock split or change in par value) which involves the substitution of a security for another security.

(d) The term "security" means any common stock, preferred stock, or other equity security, or right to subscribe to any of the foregoing, or subordinated

note or debenture. The term "security" shall not include any deposit as defined in Section 217.1 of Regulation Q of the Federal Reserve Board, loan participation, letter of credit or other form of bank indebtedness incurred in the ordinary course of business.

(e) The term "executive officer" means a Chairman of the Board of Directors, Vice Chairman of the Board, Chairman of the Executive Committee, President, Vice President (except as indicated in the next sentence), Cashier, Treasurer, Secretary, Comptroller, and any other person who participates in major policy making functions of the bank. In some banks (particularly banks with officers bearing titles such as Executive Vice President, Senior Vice President, or First Vice President, as well as a number of "Vice Presidents") some or all "Vice Presidents" do not participate in major policy making functions, and such persons are not executive officers for the purpose of this Part.

(f) The term "associate," when used to indicate a relationship with any person, means (1) any corporation or organization (other than the bank or a majority owned subsidiary of the bank) of which such person is an officer or partner or is, directly or indirectly, either alone or together with one or more members of his immediate family, the beneficial owner of 10 percent or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such person who has the same home as such person or who is a director or officer of the parent of the bank.

§ 16.3 Offering circular requirements, filing and effective date.

(a) No bank shall, directly or indirectly, offer, offer to sell, offer for sale or sell any security of which it is the issuer unless the offer, offer to sell, offer for sale or sale is made through the use of an offering circular which has been filed with, and declared effective by, the Comptroller of the Currency.

(b) Notwithstanding paragraph (a), securities of a bank may be offered through underwriters by an offering circular filed pursuant to this Part but before its effective date if (1) the prior authorization of the Comptroller of the Currency is obtained; and (2) a copy of the offering circular as declared effective is furnished to each purchaser prior to consummation of the sale.

(c) The offering circular required by § 16.6 for an existing bank shall be filed with the Comptroller of the Currency, Washington, D.C. 20219. The offering circular required by § 16.7 for a bank in organization shall be filed with the Regional Office of the Comptroller of the Currency in the Region where the bank will be located.

(d) Six copies of the offering circular required by this Part shall be filed with the Comptroller of the Currency in the

form and containing the information specified by § 16.6 or § 16.7, together with two copies of any underwriting agreement to be executed in connection with the offering. The offering circular shall be accompanied by a certificate manually signed by the principal executive officer and the principal financial officer of the bank, in the following form:

SIGNATURES

Pursuant to the requirements of 12 CFR 16, the bank has duly caused this Offering Circular to be filed on its behalf by the undersigned, thereunto duly authorized in the City of _____, and State of _____, on the _____ day of _____, 19_____.

(Bank)

By _____
(Signature and Title)

By _____
(Signature and Title)

(e) The effective date of the offering circular shall be the date on which it is declared effective by the Comptroller of the Currency. The offering circular shall be effective for a period of six months, which period may be extended for two consecutive 90 day periods upon request to the Comptroller of the Currency. The offering circular must be updated during the course of the offering period by attaching the most recent Balance Sheet and Statement of Income of the Bank filed with the Comptroller of the Currency.

(f) If the distribution is not completed by the expiration of the period of effectiveness, and any extensions thereof, an amended offering circular containing current information shall be filed and used in accordance with this Part.

(g) In no event shall an offering circular be used which is false or misleading in light of the circumstances then existing.

§ 16.4 Exempt transactions.

This Part shall not apply to.—(a) Any transaction by a bank not involving a public offering, as defined in § 16.5.

(b) Any offering by a bank of its securities where the amount of the securities offered for sale, when aggregated with the amount of all other sales by the bank of its securities within the 12 months immediately preceding commencement of the subject offering, does not exceed \$300,000. A notice containing the following information shall be filed by the bank with the Comptroller of the Currency not later than 20 days prior to commencement of the offering:

- (1) The name of the bank and location of its principal place of business;
- (2) The class of security to be offered;
- (3) The aggregate offering price of the securities; and
- (4) The class and aggregate offering price of all securities sold within the 12 months prior to the proposed commencement date of the offering.

(c) Any reorganization, merger, consolidation, or acquisition of assets by a bank where the bank utilizes a proxy statement prepared substantially in ac-

cordance with the requirements of 12 CFR 11.5.

(d) Any transaction by a bank with its existing security holders which involves an exchange of a security pursuant to the exercise of a right of conversion.

(e) Any transaction in which the securities of a bank are offered to its employees or directors pursuant to a stock purchase, stock option, or savings plan meeting the requirements of 12 CFR 13.

§ 16.5 Nonpublic offerings.

Transactions by a bank involving the offer, offer to sell, offer for sale, or sale of securities of a bank shall be deemed to be transactions not involving any public offering if all of the following conditions are satisfied:

(a) *Nature of offerees.*—The bank shall have reasonable grounds to believe, and shall believe, prior to making an offer that the offeree or his independent investment representative has the knowledge or experience in financial and business matters as to be capable of evaluating the information referred to in paragraph (c) below and the risks of the prospective investment. An "independent investment representative" means any person acting on behalf of an offeree and who is not an officer, director, or employee of the bank, who is not acting on behalf of the bank, and who is capable of evaluating the merits and risks of the prospective investment.

(b) *Limitation on the manner of offering.*—All offers and sales are made in negotiated transactions. A negotiated transaction is a transaction in which the securities are offered and sold through direct communication between the bank and the offeree or an independent investment representative of the offeree, and without use of any form of general advertising.

(c) *Access to information.* Each offeree or his independent investment representative shall have access to, prior to acceptance of any offer, at least the following information:

(1) The same type of information specified in Item 1 and Item 6 of § 16.6;

(2) The Balance Sheet and the Statement of Income of the bank for the last two fiscal years and the most recent interim period for which the bank has filed Consolidated Reports of Condition and Income with the Comptroller of the Currency and the same interim period for the previous year; and

(3) The most recent Annual Report to Shareholders of the bank or, if the bank reports pursuant to 12 CFR 11, the most recent Annual Report on Form F-2 and Quarterly Report on Form F-4 filed by the bank.

(d) *Number of Purchasers.*—The securities are sold to not more than 15 purchasers within any continuous 12 month period. A request to increase the number of purchasers may be made in a letter to the Comptroller of the Currency setting forth the factual basis for the request.

(e) *Limitations on disposition.*—The bank shall obtain a signed written agreement from each purchaser that he is ac-

quiring the securities for his own account and not for distribution. Only one stock certificate, note or debenture shall be issued to each purchaser for the respective total amount of securities purchased; except that where an offeree purchases securities in an aggregate amount exceeding \$200,000, more than one certificate may be issued to him in amounts not less than \$100,000 each. Each certificate, note or debenture shall provide that neither the bank nor its transfer agent can exchange the security for securities of smaller denominations unless a notice has been filed in accordance with the requirements of paragraph (f) below.

(f) *Notice of nonpublic sales and exchanges.*—A notice containing the following information, as applicable, shall be filed by the bank with the Comptroller of the Currency, Washington, DC 20219, not later than 20 days prior to the time any security is offered or sold in reliance on the exemption provided by § 16.5 or exchanged for securities of smaller denominations:

(1) The name of the bank and location of its principal place of business;

(2) The class of security to be offered or exchanged;

(3) The number of persons to whom the securities are to be offered;

(4) The offering price of the securities on an aggregate and per share of per security basis; and

(5) A general description of the facts and circumstances on which the claim of exemption is based, or the security holder's reason for requesting an exchange of the security for securities of smaller denominations.

§ 16.6 Form and content of an offering circular of an existing bank.

(a) *General instructions:* (1) This form is not to be used as a blank form to be filled in but only as a guide for preparing the offering circular. Unless otherwise stated, the information required shall be given as of a date reasonably close to the effective date. The offering circular may be printed, lithographed, mimeographed, typewritten, or prepared by any similar process which produces clearly legible copies, suitable for a permanent record and for repeated photocopying.

(2) In addition to the information expressly required, there shall be added any material information necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(3) Information required need be given only if it is known or reasonably available to the bank. If any required information is unknown or not reasonably available to the bank, either because obtaining it would involve unreasonable delay, effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the bank, the information may be omitted, upon approval of the Comptroller of the Currency, subject to the following conditions:

(i) The bank shall give the information that it possesses on the subject or can acquire without unreasonable delay, effort, or expense, together with the sources of the information; and

(ii) The bank shall furnish a statement to the Comptroller of the Currency either (A) showing that unreasonable delay, effort or expense would be involved, or (B) indicating the absence of any affiliation with the person having the information and stating the result of a request made of that person for the information.

(b) The following information shall be disclosed in the offering circular:

ITEM 1—COVER PAGE

The following information shall be included on the cover page of the offering circular:

(a) The caption "Offering Circular."

(b) The exact name, complete address and telephone number of the issuing bank.

(c) The amount and type of the security being offered.

(d) The following statements in capital letters and boldface type.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMPTROLLER OF THE CURRENCY NOR HAS THE COMPTROLLER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR.

NO AGENT OR OFFICER OF THE BANK OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE OFFERING CIRCULAR AND, IF GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BANK.

(e) The following information if the bank is offering debt securities:

(1) The statement in capital letters and boldface type:

THESE OBLIGATIONS WILL NOT REPRESENT DEPOSITS AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE MATURITY OF THESE OBLIGATIONS CANNOT BE ACCELERATED IN THE EVENT OF A DEFAULT WITHOUT THE IMMEDIATE APPROVAL OF THE COMPTROLLER OF THE CURRENCY. THESE OBLIGATIONS WILL BE SUBORDINATE TO THE CLAIMS OF DEPOSITORS AND OTHER CREDITORS, WILL BE INELIGIBLE AS COLLATERAL TO SECURE A LOAN FROM THE BANK, AND WILL BE UNSECURED.

(2) The offering price, denominations, aggregate amount offered, interest rate, maturity, and prepayment terms and dates.

(3) If the offering involves a convertible subordinated note or debenture, the information required by section (f) for the underlying equity security.

(f) If the bank is offering common stock, preferred stock, or other equity security or right to subscribe thereto, the offering price, the number of shares being offered, and the par value.

(g) The information called for by the following table presented in substantially the same form:

	Price to public	Underwriting commissions	Proceeds to bank ¹
Per unit.....	\$.....	\$.....	\$.....
Total.....			

¹ Before deducting expense to be incurred by the bank in connection with the offering estimated at

(h) The proposed means of distribution.

(i) The effective date of the offering circular.

(j) On the page immediately following the cover page, there should be a page with the following paragraph alone in capital letters and bold-face type:

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BANK SINCE THE DATE HEREOF.

ITEM 2—PLAN OF DISTRIBUTION

(a) If the securities are to be offered through underwriters, give the names of the principal underwriters and state the respective amounts underwritten. State briefly the nature of the underwriters' obligation to take the securities.

(b) If there is no underwriter, outline briefly the bank's plan for distributing the securities.

(c) Indicate the method and terms of subscription, and the offering termination date.

ITEM 3—USE OF PROCEEDS

State the reasons for the offering and the principal purposes for which the net proceeds are intended to be used, the expected time of the expenditures and the approximate amount to be used for each purpose.

INSTRUCTION

The statement that the bank needs a broader capital base or that the proceeds will be used for general banking purposes will generally not be sufficient without additional information.

Furnish only a brief outline of any program of construction or addition of equipment. If any material amounts of the proceeds will be used to acquire assets, briefly describe the assets and identify the persons from whom they are to be acquired, and state the cost of the assets to the bank and the basis for determining their value.

ITEM 4—CAPITAL STRUCTURE

State in tabular format the title, basic terms, and amount of each class of securities of the bank authorized and outstanding as of the date of the most recent Balance Sheet filed as part of the offering circular. Also indicate the

amount which will be authorized and outstanding if all the securities being offered are sold.

ITEM 5—SUMMARY OF EARNINGS

(a) Present a summary of the earnings of the bank for each of the last five fiscal years and any interim period between the end of the last fiscal year and the date of the most recent Balance Sheet and Statement of Income being filed and for the corresponding interim period for the preceding fiscal year. For the same periods, present in a separate statement the following ratios: (1) net income to stockholders' equity, (2) net income to total assets, and (3) total interest expense to gross interest income.

(b) Fully discuss the earnings for the last two fiscal years and the reported interim periods. Set forth an explanation of material changes, including, but not limited to, changes in the various elements which determine revenue and expense levels. The analysis should include an explanation of changes in accounting principles and practices or the method of their application which have a material effect on the net income as reported.

INSTRUCTIONS

1. At a minimum, present operating revenues, operating expenses, income before income taxes and securities gains or losses, applicable income taxes, income before securities gains or losses, securities gains or losses, extraordinary items, net income, earnings per share and dividends per share.

2. In addition, if debt securities are being offered, set forth ratios of earnings to fixed charges, computed both including and excluding interest on deposits, in tabular form for each of the last five fiscal years and any reported interim periods. Also set forth, for the most recent 12 month period ended as of the last quarter, a pro forma ratio of earnings to fixed charges adjusted to give effect to (i) the issuance of the securities being offered, (ii) any issuance, retirement or redemption of securities during such period, and (iii) any issuance, retirement or redemption of securities after, or presently proposed for one year after, such period. The pro form presentations should be shown both including and excluding interest on deposits.

3. The term "fixed charges" means (i) interest on all indebtedness, including deposits; and (ii) one-third rental or interest charges that would have been paid had the properties been purchased instead of leased.

NOTE.—To the extent the bank operates as a correspondent bank, interest income and interest expense on Federal funds sold or purchased may be netted in computing fixed charges. However, to the extent a bank operates for its own account, interest income and interest expense on Federal funds must be recorded in the same manner as any other items of interest income or expense.

ITEM 6—DESCRIPTION OF BUSINESS

Describe briefly the present and proposed business operations of the bank and its subsidiaries, and any significant developments and trends in the business

during the last five years. The description shall also include, but shall not be limited to, information as to the following matters.

(a) The primary business locations of the bank.

(b) The competitive conditions and the competitive position of the bank in its service area.

(c) The commercial, consumer, international, trust, and municipal trading services and other business activities of the bank.

(d) The properties owned by the bank and any material leases.

(e) The liability management practices of the bank including a discussion of deposits, Federal funds, and other liabilities.

(f) The loan portfolio.

(g) The investment portfolio.

(h) The importance of, and risks attendant to, foreign sources and applications of funds.

(i) Regulation by Federal and state bank agencies.

(j) The manner in which the state laws may materially affect branching, interest rates, bank holding companies, etc.

(k) The business done by any parent holding company and any subsidiaries of the parent; the services provided to the bank by the parent and its subsidiaries; and the names of any other banks in which the parent owns 5 percent or more of the voting securities.

(l) The approximate number of persons employed by the bank.

(m) Material statistical information (see Instructions).

INSTRUCTIONS

The following statistical information should be disclosed by the bank for the reported periods. The term "reported period" means (i) each of the last specified number of fiscal years and (ii) any interim period between the end of the most recent fiscal year and the date of the most recent Balance Sheet and Statement of Income being filed and for the corresponding interim period for the preceding fiscal year. If any required information is not reasonably available to the bank, the bank may present comparable information.

1. *Distribution of assets, liabilities and capital.*—(i) For a three-year reported period, present the monthly or quarterly average of total assets, liabilities and capital, and each principal category of assets, liabilities and capital.

(ii) For a three-year reported period, present the percentage of each principal category of assets to total assets and each principal category of liabilities and equity capital to total liabilities and equity capital.

2. *Loan portfolio.*—(i) Explain the bank's policies and practices with regard to interest income recognition.

(ii) Describe any material risks relating to the loan portfolio.

(iii) State, by appropriate categories (i.e., types of loans, letters of credit, etc.) the amount of loan and similar commitments (excluding check credit, overdraft and credit card lines) for a three-year reported period, and, with respect to the

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amount as of the end of the most recent fiscal year, the portion considered to be "firm" and the portion not reasonably expected to be exercised within the current year.

The categorization may include such items as commercial letters of credit, commitments to grant loans and commitments to purchase loans or such other classifications deemed appropriate by the bank. Any category representing more than 25 percent of the total commitments shown shall be identified and categories representing individually less than 25 percent of the total commitments shown may be aggregated as Other Commitments. If more than 25 percent of the total commitments shown are on terms where the prices or interest rates are not to be determined by the market conditions prevailing at the time of exercise of the commitments, the total and a description of such commitments should also be disclosed.

(iv) For banks with assets in excess of \$300 million, disclose the following:

(a) The remaining maturities of selected loans as provided in the latest Call Report.

(b) The total after tax effect of non-accruing and reduced-rate loans as of the end of a two-year reported period.

3. *Interest rates and interest differentials.*—For a three-year reported period, present:

(i) The dollar amounts of the changes in interest income from earning assets (in total, and broken down into loans, investments, Federal funds and other appropriate categories).

(ii) The dollar amounts of the changes in interest expense for borrowed funds (time deposits, short-term borrowings and other appropriate categories).

(iii) The net interest differential. For banks with assets in excess of \$300 million, the dollar amounts should be analyzed to indicate the amount of the change resulting from variances in volume and in rate and yield.

4. *Summary of loan loss experience.*—An analysis of the bank's loan loss experience including the following items:

(i) A discussion of the total actual losses for a two-year reported period. Discuss any material loan losses during the last fiscal year and any reported interim period.

(ii) Set forth a comparison of the charges to "Provision for possible loan losses" for a two-year reported period. Describe the factors which influenced management in determining the amount to be charged to operating expense.

(iii) Discuss the adequacy of the "Reserve for possible loan losses" for the latest fiscal year and any recorded interim period. Indicate whether the reserve for possible loan losses for the reported periods has increased or decreased as a percent of average loans outstanding.

(iv) For a five-year reported period, present the bank's loan loss experience in the following format:

Balances (thousands):

	19..	19..	19..	19..	19..	Interim	
						19..	19..
Loans:							
Average loans.....							
Loans at end of period.....							
Actual chargeoffs.....							
Less recoveries.....							
Net loan chargeoffs.....							
Reserve for possible loan losses.....							
Provision for possible loan losses.....							
Ratios:							
Net loan chargeoffs to average loans.....							
Net loan chargeoffs to loans at end of period.....							
Reserve for possible loan losses to average loans.....							
Reserve for possible loan losses to loans at end of period.....							
Net loan chargeoffs to reserve for loan losses.....							
Net loan chargeoffs to provision for loan losses.....							

(v) For banks with assets in excess of \$300 million, present a summary of loan loss experience by specific categories for a five-year reported period in a format similar to supplement D of the Large Bank Supplement to the Call Report.

5. *Deposits.*—(i) If a material portion of the bank's deposits has been obtained from a single person or a few persons (including Federal, State, and local governments and agencies thereunder) the loss of any one or more of whom would have a material adverse effect on the business of the bank, or if a material portion of the bank's loans is concentrated within a single industry or group of related industries, a description of such customers, their other relationships, if any, to the bank, and material facts regarding their importance to the business of the bank.

(ii) The extent to which the business is or may be seasonal.

(iii) For banks with assets in excess of \$300 million, present the maturity distribution of deposits as set forth in the most recently filed Call Report.

6. *Investment Securities.*—For banks with assets in excess of \$300 million, present an analysis of securities held in trading accounts as set forth in the most recently filed Call Report.

ITEM 7—CAPITAL STOCK

If capital stock is being offered, outline briefly (a) dividend rights and restrictions; (b) voting rights; (c) preemptive rights; (d) liquidation rights; (e) the vote required to amend any rights; and (f) any other material terms of the securities.

ITEM 8—DEBT SECURITIES

If debt securities are being offered, set forth briefly the following:

(a) The terms relating to denomination, maturity and subordination.

(b) The statement: "This obligation is not a deposit and is not insured by the Federal Deposit Insurance Corporation, is ineligible as collateral for a loan by the issuing bank, and is unsecured."

(c) The statement: "The maturity of this obligation cannot be accelerated in the event of a default without the immediate prior approval of the Comptroller of the Currency."

(d) The provisions as to interest, conversion, redemption, prepayment, retirement, events of default, modification of the terms of the debt security and any other material terms.

(e) The provisions restricting the declaration of dividends, the issuance and incursion of additional indebtedness and any other material restrictions.

(f) The material terms of any trust indenture, the name of any indenture trustee and the nature of any material relationship with the bank or any of its affiliates.

ITEM 9—OTHER SECURITIES BEING OFFERED

If securities other than capital stock or debt are being offered, outline briefly the rights conferred. If subscription warrants, rights or convertible securities are being offered, state the title, amounts and basic terms of the underlying securities, and the exercise period and price. If any securities are being offered in exchange for other securities, an appropriate description of such other securities should be given.

ITEM 10—NATURE OF TRADING MARKET

For each class of securities to be offered, state briefly the nature of the trading market, if any, in such securities, including the names of the principal market makers and the reported high and low bid prices for each quarterly period during the last two years.

INSTRUCTION

In furnishing high and low bid prices, the bank may rely on quotations reported in publications of general circulation, if the publications' source of information is identified. If there is no active market for the securities, so state and indicate the valuation procedure used to determine the offering price.

ITEM 11—DIRECTORS AND OFFICERS

Set forth the following information, in tabular form for each director and executive officer of the bank:

(a) Name, age, and length of service in this capacity.

(b) The number of shares of each class of equity securities of the bank or its parent beneficially owned directly or indirectly as of the most recent practicable date.

(c) A brief account of business experience during the last five years, including principal occupation(s) during that period and the name and principal business of any corporation or other organization in which the occupation was carried on.

ITEM 12—PRINCIPAL SECURITY HOLDERS

Furnish the following information as of a specified date within 90 days prior to the effective date:

(a) As to each class of equity securities of the bank, the amount and percent owned of record or beneficially, directly or indirectly, by all directors and officers of the bank, as a group, without naming them. The following format should be used:

Title of class	Record ownership	Amount beneficially owned	Percent of class beneficially owned
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A footnote to the table should disclose the nature of the beneficial ownership.

(b) The name, business address, and relationship to the bank of any individual or corporation who owns of record or beneficially, directly or indirectly, more than 10 percent of the bank's outstanding voting securities. The following format should be used:

Name and address	Relationship with bank	Record ownership	Amount beneficially owned	Percent of class beneficially owned
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A footnote to the table should disclose the nature of the beneficial ownership.

INSTRUCTION

If, to the knowledge of the bank, more than 10 percent of any class of voting securities of the bank are held or to be held subject to any voting trust, pledge, or other similar agreement, state (i) the title of such securities, (ii) the amount held or to be held and, (iii) the duration and material terms of the agreement. If applicable, give the names of the voting trustees.

ITEM 13—REMUNERATION OF DIRECTORS AND OFFICERS

(a) Furnish the following information in substantially the tabular form indicated below as to all direct remuneration paid by the bank, or its parent holding company during the latest fiscal year to the following persons:

(1) Each director and each of the three highest paid executive officers of the bank whose annual total direct remuneration exceeded \$40,000, naming each person.

(2) All directors and executive officers of the bank as a group, without naming them but stating the number of persons included.

Name of individual or number of persons in group	Capacities in which remuneration was received	Aggregate remuneration
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(b) Furnish a brief description of any present or contemplated bonus, retirement, pension, stock option, profit sharing or other similar plan or provision and the class of persons covered.

INSTRUCTIONS

The description of the stock options should state (i) the consideration re-

ceived and to be received for the options, (ii) the prices, expiration dates, (iii) the market value on the granting date, (iv) the per share market price of the securities subject to option as of the latest date, and (v) whether the options are qualified stock options or restricted stock options or options granted pursuant to a plan qualifying as an employee stock purchase plan. Indicate the number of options held by each officer and director named in Item 13(a) (1).

ITEM 14—MATERIAL TRANSACTIONS

Describe any direct or indirect material interest of any of the following persons in any material transactions during the last two years, or in any material proposed transactions, to which the bank was or is to be a party:

(a) Any director or executive officer of the bank.

(b) Any security holder who owns of record or beneficially, directly or indirectly, more than 10% of the outstanding voting securities as named in the answer to Item 12.

(c) Any associate of the foregoing.

INSTRUCTIONS

1. A material transaction generally is a transaction or series of transactions in which the annual payments plus the remaining amounts due under the terms of the transaction or series of transactions exceed \$40,000. This will include all legal fees, rental payments, remuneration for services (other than in the capacity of an officer or director of the bank), and any other periodic payments or installments. It will not include extensions of credit unless (i) the credit involves more than the normal risk of collectibility or presents other unfavorable features or (ii) the transaction is not made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other than the specified persons.

2. Notwithstanding Instruction 1, a transaction is material where aggregate extensions of credit either directly or indirectly to (i) a specified person, at any time during the last full fiscal year to date, exceeded 10 percent of the equity capital of the bank or (ii) all specified persons as a group, at any time during the last full fiscal year to date, exceeded 20 percent of the equity capital of the bank. If aggregate extensions of credit to a specified person at any time during the last fiscal year to date exceeded 10 percent of the equity capital of the bank, disclose the name of the specified person, the maximum aggregate amount of extensions of credit during the period and the aggregate amount of extensions of credit as a percentage of the total equity capital of the bank. If aggregate extensions of credit to the specified persons, as a group, at any time during the last fiscal year to date exceeded 20 percent of the equity capital of the bank, disclose the maximum aggregate amount of extensions of credit to the group during the period and the aggregate amount as a percentage of the equity capital of the bank.

3. If there has been a material sale of property by or to the bank to which a specified person was a party, disclose the cost of the property to the purchaser and the cost to the seller if acquired by the seller within two years prior to this transaction.

ITEM 15—PENDING LEGAL PROCEEDINGS

Briefly describe any material pending legal proceedings, other than ordinary routine litigation, to which the bank, the parent holding company or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted and the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated.

ITEM 16—FINANCIAL STATEMENTS

The following financial statements shall be included:

(a) A Balance Sheet as of the end of the most recent fiscal year and any required interim period.

(b) Comparative Statements of Income for the two most recent fiscal years and for any required interim period and the corresponding interim period for the preceding year.

(c) Comparative Statements of Changes in Capital Accounts for the last two fiscal years and any required interim period.

(d) A comparative reconciliation of the "Reserve for Possible Loan Losses" account for the last two fiscal years and for any required interim periods.

(e) Comparative Statements of Changes in Financial Position for the last two fiscal years and any required interim period.

(f) Supplemental notes to the financial statements.

INSTRUCTIONS

1. The financial statements may be prepared in accordance with the instructions and format set forth by the Comptroller of the Currency in the publication entitled, "Instructions for Preparation of Consolidated Reports of Condition and Reports of Income by National Banking Associations" and in any other releases amending or interpreting this publication.

2. The financial statements shall be updated to the latest practicable date, which date shall be not more than 90 days prior to the date on which the offering circular is expected to be declared effective.

3. The following items shall be briefly described, where applicable, in general footnotes to the financial statements:

(i) A summary of significant accounting policies.

(ii) Any changes in accounting principles or practices or in the method of applying any accounting principles or practices, made during any period for which financial statements are filed which affects comparability of such financial statements with those of prior or future annual periods, and the effect thereof upon the net operating earnings for each period for which financial statements are filed.

(iii) Any material retroactive adjustment made during any period for which financial statements are filed, and the effect thereof upon net income of prior periods.

(iv) Assets subject to liens.

(v) Pension plans.

(vi) Stock option plans.

(vii) Dividend restrictions.

(viii) Contingent liabilities.

(ix) Book and market value of investment securities.

(x) An analysis of income tax expenses.

(xi) An analysis of the loan portfolio.

(xii) Standby letters of credit.

4. If the financial statements in the latest Annual Report to Shareholders are accompanied by a report of an independent accountant, the financial statements in the offering circular should also be accompanied by that accountant's report.

ITEM 17—UPDATING THE FINANCIALS AFTER THE EFFECTIVE DATE

The bank is required to update certain statistical and financial information in the offering circular continuously during the offering by attaching the most recent Balance Sheet and Statement of Income of the bank to the offering circular. The reports shall be attached to the offering circular no later than the day the document is due to be filed with the Comptroller of the Currency. However, a completely amended offering circular will be necessary should the offering continue beyond the period of effectiveness, and any extensions thereof (see § 16.3(e)).

§ 16.7 Form and Content of an Offering Circular of a Bank in Organization.

(a) *General instructions.*—(1) This form is not to be used as a blank form to be filled in but only as a guide for preparing the offering circular. Unless otherwise stated, the information required shall be given as of a date reasonably close to the effective date. The offering circular may be printed, lithographed, mimeographed, typewritten, or prepared by any similar process which produces clearly legible copies, suitable for a permanent record and for repeated photocopying.

(2) In addition to the information expressly required, there shall be added any material information necessary to make the statements made, in light of the circumstances under which they are made, not misleading. Information required need be given only if it is known or reasonably available to the bank. If any required information is unknown or not reasonably available to the bank, either because obtaining it would involve unreasonable delay, effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the bank, the information may be omitted, upon approval of the Comptroller of the Currency, subject to the following conditions.

(i) The bank shall give the information on the subject that it possesses or can acquire without unreasonable delay, effort or expense, together with the sources; and

(ii) The bank shall furnish a statement to the Comptroller of the Currency either (A) showing that unreasonable delay, effort or expense would be involved, or (B) indicating the absence of any affiliation with the person having the information and stating the result of a request made of that person for the information.

(b) The following information shall be disclosed in the offering circular:

ITEM 1—COVER PAGE

The following information shall be included on the cover page of the offering circular:

(a) The caption "Offering Circular."

(b) The exact name and complete address of the bank.

(c) The amount and type of security being offered.

(d) The following statements in capital letters and bold-face type:

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMPTROLLER OF THE CURRENCY NOR HAS THE COMPTROLLER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR.

NO AGENT OR OFFICER OF THE BANK OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BANK.

THE ISSUANCE OF THE STOCK OFFERED HEREBY IS SUBJECT TO THE APPROVAL OF THE COMPTROLLER OF THE CURRENCY. THE BANK RESERVES THE RIGHT TO CANCEL ACCEPTED SUBSCRIPTION OFFERS AT THE DIRECTION OF THE COMPTROLLER OF THE CURRENCY UNTIL THE DATE THE BANK COMMENCES OPERATIONS. IF, FOR ANY REASON, THE BANK DOES NOT OPEN FOR BUSINESS, ALL OF THE CASH PAID BY THE SUBSCRIBERS FOR THEIR SHARES WILL BE RETURNED, PLUS OR MINUS ANY PROFITS OR LOSSES INCURRED THROUGH INVESTMENT OF SUCH FUNDS IN UNITED STATES GOVERNMENT SECURITIES. ANY OTHER COSTS OR EXPENSES WILL BE BORNE BY THE ORGANIZERS.

(e) The offering price, the number of shares being offered, and the par value of the stock.

(f) The information called for by the following table presented in substantially the same form:

	Price to public	Under-writing commissions	Organizational expenses	Proceeds to bank ¹
Per unit..	\$.....	\$.....
Total.....

¹ Before deducting expenses to be incurred by the bank in connection with the offering estimated at

(g) The proposed means of distribution.

(h) The effective date of the offering circular.

(i) On the page immediately following the cover page, there should be a page with the following paragraph alone in capital letters and bold-face type.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BANK SINCE THE DATE HEREOF.

ITEM 2—OFFERING AND METHOD OF SUBSCRIPTION

The following information shall be stated:

(a) The number of shares being offered, the offering price, the par value of the common stock, and the expiration date of the offering period, including any provisions for extending the offering period.

(b) The fact that the issuance of stock is subject to the approval of the Comptroller of the Currency and the bank reserves the right to cancel accepted subscription offers at the direction of the Comptroller of the Currency until the date the bank receives its charter.

(c) The fact that shares of stock duly subscribed and paid for will be issued upon acceptance by the bank immediately after the bank receives its charter.

(d) The method or procedure for subscribing to the stock.

(e) A description of the location and basic terms of the escrow account in which the funds will be held until all of the subscriptions have been paid in and accepted, and the Comptroller of the Currency has authorized their disbursement.

(f) The statements: "Subscriptions will be accepted until ____ p.m./a.m. on the expiration date, _____, 19____. It is anticipated that the bank will commence operations on or about _____, 19____."

"If, for any reason, the bank does not open for business, all of the cash paid by the subscribers for their shares will be returned plus or minus any profit or losses incurred through investment of such funds in United States Government Securities. Any other costs or expenses will be borne by the Organizers."

ITEM 3—USE OF PROCEEDS

State the principal purposes for which the net proceeds are intended to be used, and the approximate amount to be used for each purpose. Indicate the proposed expenditures in the following categories:

(a) The approximate amounts for the salaries and fees of directors, officers, and employees for a period of 12 months from the effective date of the offering circular.

(b) The approximate amount for the acquisition of furniture, equipment, fixtures and real property.

(c) The approximate amount of rental payment for the leasing of real property and personal property for a period of 12 months from the effective date of the offering circular.

(d) A schedule of estimated organizational expenses.

(e) The approximate amount for cash, investments and loans.

(f) The approximate amount for the purchase or lease of temporary quarters.

(g) Other.

ITEM 4—BUSINESS OF THE BANK

Describe the proposed business operations of the bank. The description shall include, but shall not be limited to, information as to the following matters:

(a) The current status and history of the new bank application with the Comptroller of the Currency, and the date the bank is expected to commence business.

(b) The potential service area, competitive conditions, and a summary of the economic conditions. Present the names and locations of other financial institutions within the potential service area and the immediate outlying area, and indicate their total assets, deposits, and equity capital. Discuss the potential effect these financial institutions will have on the operations of the new bank.

(c) The proposed services of the bank in the commercial, consumer, and trust areas.

(d) The expected sources of deposits and loans when operations commence.

(e) The material effects that compliance with Federal and State banking laws, and rules or regulations enacted thereunder, will have on the business of

the bank. Indicate the manner in which the state laws where the bank is located may materially affect such matters as branching, interest rates, bank holding companies, etc.

(f) The likelihood of profitable operations during each of the bank's first three years.

(g) Transactions involving the bank's purchase and/or lease of land and/or buildings, including a discussion about the valuation of those assets.

ITEM 5—ORGANIZERS, DIRECTORS AND OFFICERS

Set forth the following information, in tabular form, for each organizer, proposed director and executive officer of the bank:

(a) The name, business address, and age of each individual.

(b) The approximate number of shares of common stock and the percent of the class each person intends to own of record or beneficially, directly or indirectly.

(c) A brief account of the business experience during the past ten years, including principal occupations and employment during that period, the name and principal business of any corporation or other organization in which the occupations and employment were carried on, and the name of any bank of which the person has been a director or executive officer.

(d) The amount of all direct and indirect remuneration from the bank which each person has received from the bank during the last 12 months, and the amount each person is expected to receive in the 12 months commencing with the effective date of the offering circular. Indicate the aggregate amounts which these persons have received or will receive, as a group. State whether or not

any stock option, stock bonus, money purchase, thrift, pension or employee stock ownership plans, qualified or unqualified, or deferred compensation arrangements are contemplated.

(e) The following statement should be inserted:

"The Comptroller of the Currency has the authority to disallow any of the above persons from assuming his or her designated position."

ITEM 6—PRINCIPAL SECURITY HOLDERS

Furnish the following information:

(a) The total number of shares of common stock to be authorized and the total number to be issued and outstanding.

(b) The amount and percent of the class to be owned of record or beneficially, directly or indirectly, by all directors, officers, and organizers of the bank, as a group, without naming them and the amount that will be held by the investing public. The following format should be used:

Title of class	Record ownership	Amount beneficially owned	Percent of class beneficially owned
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A footnote to the table should disclose the nature of the beneficial ownership.

(c) The name, business address, and relationship to the bank of any person or corporation who will own of record or beneficially, directly or indirectly, 10 percent or more of the outstanding voting securities. The following format should be used:

Name and address	Relationship with bank	Record ownership	Amount beneficially owned	Percent of class beneficially owned
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A footnote to the table should disclose the nature of the beneficial ownership.

(d) A description of any arrangements for future stock purchases between the above individuals listed in part (c) and any member of the investing public which may at a subsequent date increase his percent of ownership as disclosed above. If there are no arrangements, so indicate.

(e) A summarization of any borrowing arrangements to finance the stock subscription of the individuals or corporations listed in paragraph (c).

ITEM 7—CAPITAL STOCK

Outline briefly (a) par value; (b) dividend rights; (c) voting rights; (d) preemptive rights; (e) liquidation rights; (f) the vote required to amend any of the terms; and (g) any other material terms of the stock being offered.

ITEM 8—MATERIAL TRANSACTIONS

(a) Describe any direct or indirect material interest of any of the following persons in any material transactions, or proposed material transactions, to which the bank was or is to be a party:

(1) Any organizer, proposed director, or proposed officer of the bank.

(2) Any person who owns or will own of record or beneficially 10 percent or more of the outstanding voting securities as named in the answer to Item 6(c).

(3) Any associate of any of the foregoing.

INSTRUCTIONS

For purposes of this item, any of the following transactions may be deemed material if the amount of the transaction or series of transactions exceed 1 percent of the equity capital being offered:

1. Any transaction or proposed transaction in which a specified person sells

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real property, fixtures or any other assets to the bank. State the cost of the assets to the bank, and the cost of the assets to the specified person if acquired by the specified person within five years prior to the sale.

2. Any transaction or proposed transaction in which a specified person receives remuneration for services, directly or indirectly (other than in the capacity of an organizer, proposed director, or proposed officer of the bank).

3. Any transaction or proposed transaction in which a specified person leases real or personal property to the bank. Indicate the cost of the asset if acquired by the lessor within five years, the annual lease payments, the terms of the lease, and the total aggregate lease payments.

ITEM 9—MARKETABILITY OF SECURITIES

Indicate the anticipated nature of the secondary market for the securities being offered. If there can be no assurance of the marketability of the securities, so state.

ITEM 10—DIVIDEND POLICY

State the policy of the bank as to the declaration of dividends and retention of profits. Briefly describe the restrictions on the declaration of dividends imposed by 12 U.S.C. 56 and 12 U.S.C. 60,

and state that under certain circumstances the approval of the Comptroller of the Currency may be required prior to the payment of a dividend.

ITEM 11—PENDING LEGAL PROCEEDINGS

Briefly describe any material pending or contemplated legal proceeding to which the bank is or may be a party.

ITEM 12—FINANCIAL STATEMENTS

The requirements as to financial statements are described in Item 16 to Section 16.6. In addition to those required statements, the bank should provide:

(a) A description of any assets contributed by organizers or stockholders and the method used in valuing those assets.

(b) An estimate of each category of organizational expenses expected to be incurred prior to the commencement of business.

§ 16.8 Advertisements.

Any written advertisement or any film, radio or television broadcast, which refers to a present or proposed public offering of securities subject to this Part may be published, distributed, or broadcast only after a copy of the advertisement and the preliminary offering circular have been filed with the Comptroller

of the Currency. Such advertisement may contain only the following information:

(a) A statement that the announcement is neither an offer to sell nor a solicitation of an offer to buy any of the securities and that the offering is made only by the offering circular.

(b) The name and address of the bank, and the principal underwriters, if any.

(c) The title of the security, the dollar amount and number of securities being offered, and the per unit offering price to the public.

(d) If debt securities are being advertised, indicate in capital letters and bold-face type or verbally as appropriate:

THESE OBLIGATIONS ARE NOT DEPOSITS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION. THEY ARE SUBORDINATE TO THE CLAIMS OF DEPOSITS AND OTHER CREDITORS AS MORE FULLY DESCRIBED IN THE OFFERING CIRCULAR.

(e) Where a copy of the offering circular may be obtained.

Dated: January 4, 1977.

ROBERT BLOOM,
Acting Comptroller
of the Currency.

[FR Doc. 77-801 Filed 1-7-77; 8:45 am]