Instructions–Articles of Association

General Instructions for Converting Institutions

The OCC recommends that the Articles of Association (articles) and any subsequent amendments be executed in duplicate. One should be retained as an original document at the bank. The other should be forward to the OCC for its retention.

The paragraphs marked with an asterisk (*) in the sample document are optional.

Unless the organizers have a good reason to deviate from the OCC's sample articles, they should use the sample document. Justification should be provided for any changes in the sample articles. The organizers should tailor the articles for special purpose banks or banks with a special focus, as appropriate.

Adoption Procedures

1. The board of directors of the converting institution executes the articles in duplicate.
2. The institution may include additional articles provided they are not contrary to law.
3. The board submits a signed original of the articles to the Licensing staff in the appropriate district office and retains the other signed original for the bank's records.
4. The OCC will maintain its original in the bank's corporate history file in Washington, D.C.

Specific Requirements

5. The name of the association must include the word "National." If "National Association" is used in the name, it must be spelled out completely. (12 USC 22, 30) (See the Branch and Trade Names discussion in the "General Policies and Procedures" booklet.)
6. In most cases, the location should include a city, town, or village; county; and state name. A street name should not be given. The location should be the same as that originally proposed and approved by the OCC. (12 USC 22, 30, 81)
7. Appropriate limitations on operations or services (for example, bankers' banks, trust companies, CEBA credit card banks) should be consistent with the preliminary approval letter or subsequent correspondence. (12 USC 27, 92a, 1841(c)(2)(d) or (f))
8. Directors should number no less than 5 or no more than 25. Information about qualifying shares and vacancies should be included. For a bankers' bank, information about replacing participating banks should be included. (12 USC 27(b), 71a, 72, 74)
9. The annual shareholders' meeting and the election of directors should be discussed. (12 USC 71)
10. There should be a discussion of all types and classes of the bank's capital stock. (12 USC 51, 51a, 51b, 52, 57, 59)

- The par value of the stock should equal the amount that the OCC approved.

- The authorized number of shares should equal the amount the bank proposed and the OCC approved.

- The shareholder preemptive rights discussion should follow the sample. (12 CFR 7.2021)

- If included, the issuance of subordinated debt discussion should follow the sample.

- For bankers' banks only: Banks should be limited in selling stock to entities other than depository institutions or their holding companies.

11. The articles must include the requirement that the president be a member of the board and discuss the board's powers, including its ability to appoint management. (12 USC 24(5), 76)

12. The location of the main office and the establishment of branches should be discussed. (12 USC 30, 36)

13. The corporate existence of the association should be mentioned. (12 USC 24(2))

14. The ability to call special meetings of the shareholders should be discussed. (12 USC 57, 59, 75, 181, 214a, 215, 215a)

15. Indemnity agreements should be consistent with 12 CFR 7.2014. If the payment of insurance premiums is included, the article should explicitly exclude coverage of liability for a formal order assessing civil money penalties against a director or employee.

16. National banking laws and regulations prohibit the adoption of certain anti-takeover and super-majority voting requirements that conflict with statutes or regulations specifying percentages of shareholder and director affirmative votes required to approve certain transactions. The OCC will evaluate all anti-takeover and super-majority voting requirements individually for consistency with legal, regulatory, policy, and supervisory considerations.

17. At least five directors must sign the articles.

Articles of Association

http://www.occ.treas.gov/corpbook/forms/articles-conv.doc