



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

DIVISION OF BANKING  
SUPERVISION AND REGULATION

**SR 98-14 (SUP)**  
**June 3, 1998**

**TO THE OFFICER IN CHARGE OF SUPERVISION  
AT EACH FEDERAL RESERVE BANK**

**SUBJECT:**  
**Interagency Policy Statement on Branch Names**

The attached interagency policy statement on branch names, which becomes effective July 1, 1998, was issued jointly by the federal banking agencies on May 1, 1998.

The interagency policy statement advises any insured depository institution that intends to make use of different trade names for operating branches to take reasonable steps to ensure that depositors are not confused with respect to the extent of deposit insurance coverage.<sup>1</sup> Examples of such steps articulated in the policy statement include 1) customer disclosure that the deposit taking facility is a branch or other unit of the insured institution; 2) use of the full legal name of the depository institution in legal documents, including certificates of deposit, account statements, checks, drafts and similar documents; 3) steps to alert staff of the institution regarding possible confusion on the part of the customer with respect to deposit insurance; and 4) explicit acknowledgement from customers at the time of account opening that deposits held in different facilities of the same insured institution are not separately insured.

Due to the importance of this matter, the attached interagency statement should be sent by your Reserve Bank to the chief executive officer of each bank holding company and state member bank in your District. A suggested transmittal letter is attached.

In the event you have questions concerning the interagency statement, please contact Molly S. Wassom, Deputy Associate Director, at (202) 452-2305, or J. Thomas Keady, Manager, at (202) 728-5885.

Richard Spillenkothen  
Director

Attachments:

Suggested Transmittal Letter to Bank Holding Companies and State Member Banks

Interagency Statement on Branch Names

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**Footnotes**

1. Generally, each depositor at an insured depository institution is insured up to \$100,000. Insured deposit limits are determined in accordance with regulations prescribed by the FDIC at 12 CFR Part 330.

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**Attachment**

Suggested Letter to Bank Holding Companies and State Member Banks

**SUBJECT:** Interagency Statement on Branch Names

The Board of Governors of the Federal Reserve System and the other federal banking agencies recently issued an interagency policy statement concerning the practice of insured depository institutions operating branches of the same institution under different trade names. The agencies are concerned that if depositors believe that such facilities are operated by separate institutions, they may inadvertently exceed FDIC insurance limits by depositing excess amounts in accounts in different branches of the same institution. The agencies believe it is important that customers understand fully the scope of FDIC deposit insurance coverage in these circumstances.

The interagency policy statement emphasizes that an insured depository institution that intends to use different names for various branches or other facilities of the same institution should take reasonable steps to ensure that customers will not become confused and believe that its facilities or branches are separate institutions, or that deposits in different facilities are separately insured. The policy statement describes various steps that should be taken to avoid confusion regarding federal deposit insurance coverage.

A copy of the interagency statement, which becomes effective July 1, 1998, is attached.

In the event you have any questions concerning this matter, please contact \_\_\_\_\_, \_\_\_\_\_, at this Reserve Bank.

Attachment

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

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**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,<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> Such measures may include, but are not limited to:

- 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<sup>4</sup> 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

/s/

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Richard Spillenkothen  
Director, Division of Banking  
Supervision and Regulation  
Board of Governors of the  
Federal Reserve System

/s/

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Nicholas J. Ketcha, Jr.  
Director, Division of Supervision  
Federal Deposit Insurance Corporation

/s/

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Leann G. Britton  
Senior Deputy Comptroller  
Bank Supervision Operations  
Office of the Comptroller of the Currency

/s/

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John C. Price, Jr.  
Director, Supervision Policy  
Office of Thrift Supervision

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#### **Footnotes**

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, 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.).