

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 70-26
February 2, 1970

REPRINT OF REGULATION F

"SECURITIES OF MEMBER STATE BANKS"

To All State Member Banks
in the Eleventh Federal Reserve District:

There is enclosed a copy of Regulation F of the Board of Governors of the Federal Reserve System, as amended effective December 31, 1969. All amendments to the Regulation that have been issued and effective through December 31, 1969, have been incorporated in the reprinted copy. Also enclosed are copies of related Forms F-2, F-4, F-5 and F-9, revised as of December 31, 1969. Additional copies of the Regulation and the forms are available upon request.

The Regulation has been printed in the new larger size for insertion in the new regulation and bulletin binder furnished to all State member banks in November, 1969.

The Regulation F effective January 1, 1965, and amendments through December 31, 1969, should be destroyed.

Yours very truly,

P. E. Coldwell

President

Enclosures (5)

**BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEM**

SECURITIES OF MEMBER STATE BANKS

REGULATION F

(12 CFR 206)

As amended effective December 31, 1969



Any inquiry relating to this regulation should be addressed to the Federal Reserve Bank of the Federal Reserve district in which the inquiry arises. Forms necessary for the preparation of statements and reports may be obtained from any Federal Reserve Bank.

CONTENTS

	Page		Page
SEC. 206.1—SCOPE OF PART	5	(b) Ownership of more than 10 per cent of an equity security	24
SEC. 206.2—DEFINITIONS	5	(c) Disclaimer of beneficial ownership	24
SEC. 206.3—INSPECTION AND PUBLICATION OF INFORMATION FILED UNDER THE ACT	8	(d) Ownership of securities held in trust	24
(a) Filing of material with the Board	8	(e) Certain transactions subject to section 16(a)	25
(b) Inspection	8	(f) Exemption from section 16 of securities purchased or sold by odd-lot dealers...	25
(c) Nondisclosure of certain information filed	8	(g) Exemption of small transactions from section 16(a)	25
SEC. 206.4—REGISTRATION STATEMENTS AND REPORTS	9	(h) Temporary exemption of certain persons from sections 16(a) and (b)	26
(a) Requirement of registration statement ...	9	(i) Exemption from section 16(b) of transactions that need not be reported under section 16(a)	26
(b) Registration effective as to class or series ..	9	(j) Exemption from section 16(b) of certain transactions by registered investment companies	26
(c) Acceleration of effectiveness of registration ..	9	(k) Exemption from section 16(b) of certain transactions effected in connection with a distribution	26
(d) Exchange certification	10	(l) Exemption from section 16(b) of acquisitions of shares of stock and stock options under certain stock bonus, stock option, or similar plans	27
(e) Requirement of annual reports	10	(m) Exemption from section 16(b) of long-term profits incident to sales within six months of the exercise of an option ...	28
(f) Exception from requirement for annual report	10	(n) Exemption of certain securities from section 16(c)	28
(g) Current reports	10	(o) Exemption from section 16(c) of certain transactions effected in connection with a distribution	28
(h) Quarterly reports	10	(p) Exemption of sales of securities to be acquired	29
(i) Additional information	11	(q) Arbitrage transactions under section 16..	29
(j) Information not available	11	SEC. 206.7—FORM AND CONTENT OF FINANCIAL STATEMENTS	29
(k) Disclaimer of control	11	(a) Principles of financial reporting	29
(l) Incorporation by reference	11	(b) Verification	29
(m) Summaries or outlines of documents	11	(1) General	29
(n) Omission of substantially identical documents	11	(2) Opinions to be expressed by principal accounting officer and auditor	29
(o) Incorporation of exhibits by reference....	11	(3) Certification by independent public accountants	30
(p) Extension of time for furnishing information	12	(c) Provisions of general application	30
(q) Number of copies; signatures; binding ...	12	(1) Requirements as to form	30
(r) Requirements as to paper, printing, and language	12	(2) Items not material	31
(s) Preparation of statement or report	13	(3) Inapplicable captions and omission of unrequired or inapplicable financial statements	31
(t) Riders; inserts	13	(4) Additional information	31
(u) Amendments	13	(5) Changes in accounting principles and practices and retroactive adjustments of accounts	31
(v) Title of securities	13	(6) Summary of accounting principles and practices	31
(w) Interpretation of requirements	13	(7) Foreign currencies	31
(x) When securities are deemed to be registered	13	(8) Commitments	31
SEC. 206.5—PROXY STATEMENTS AND OTHER SOLICITATIONS UNDER SECTION 14 OF THE ACT	13	(9) General notes to balance sheets	31
(a) Requirement of Statement	13	(10) General notes to statements of income	32
(b) Exceptions	14	(d) Consolidated financial statements	32
(c) Annual report to security holders to accompany Statements	14	(e) Statement of changes in capital accounts..	33
(d) Requirements as to proxy	15	(f) Schedules to be filed	33
(e) Presentation of information in Statement..	16	APPENDIX	34
(f) Material required to be filed	16		
(g) Mailing communications for security holders	18		
(h) False or misleading statements	19		
(i) Special provisions applicable to election contests	19		
(j) Prohibition of certain solicitations	21		
(k) Proposals of security holders	21		
(l) Invitations for tenders	22		
(m) Recommendations as to tender offers....	23		
(n) Change in majority of directors	23		
(o) Solicitation prior to furnishing required proxy statement	23		
SEC. 206.6—"INSIDERS" SECURITIES TRANSACTIONS AND REPORTS UNDER SECTION 16 OF THE ACT	24		
(a) Filing of statements by directors, officers, and principal stockholders	24		

FORMS AND RELATED INSTRUCTIONS

Forms and related instructions, which are integral parts of this regulation, are assembled separately as follows:

Form F-1—Registration Statement for Securities of a Bank

Form F-2—Annual Report

Form F-3—Current Report

Form F-4—Quarterly Report

Form F-5—Proxy Statement; Statement Where Management Does Not Solicit Proxies

Form F-6—Statement in Election Contest

Form F-7—Initial Statement of Beneficial Ownership of Equity Securities

Form F-8—Statement of Changes in Beneficial Ownership of Equity Securities

Form F-9—Financial Statements

A. Balance Sheet

B. Statement of Income

C. Statement of Changes in Capital Accounts

D. Schedules

Form F-10—Registration Statement for Additional Classes of Securities of a Bank

Form F-11—Statement to be Filed Pursuant to § 206.4(g)(2) or § 206.5(1) of Regulation F

Form F-12—Statement to be Filed Pursuant to § 206.5(m) of Regulation F

Form F-20—Amendment to Registration Statement or Periodic Report of Bank

REGULATION F

(12 CFR 206)

As amended effective December 31, 1969

SECURITIES OF MEMBER STATE BANKS

SECTION 206.1—SCOPE OF PART*

This Part is issued by the Board of Governors of the Federal Reserve System (the "Board") pursuant to section 12(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78) (the "Act") and applies to all securities subject to registration pursuant to section 12(b) or section 12(g) of the Act by a bank that is organized under State law and is a member of the Federal Reserve System ("bank").

SECTION 206.2—DEFINITIONS

For the purposes of this Part, including all forms and instructions promulgated for use in connection herewith, unless the context otherwise requires:

(a) The terms "exchange", "director", "person", "security", and "equity security" have the meanings given them in section 3(a) of the Act.¹

(b) The term "affiliate" (whether referred to as an "affiliate" of, or a person "affiliated" with, a specified person) means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(c) The term "amount", when used with respect to securities, means the principal amount

if relating to evidences of indebtedness, the number of shares if relating to shares, and the number of units if relating to any other kind of security.

(d) 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 per cent 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, or any relative of such spouse, who has the same home as such person, or who is a director or officer of the bank or any of its parents or subsidiaries.

(e) The term "charter" includes articles of incorporation, declarations of trust, articles of association or partnership, or any similar instrument, as amended, effecting (either with or without filing with any governmental agency) the organization or creation of an incorporated or unincorporated person.

(f) The term "control" (including the terms "controlling", "controlled by", and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

* This text corresponds to the Code of Federal Regulations, Title 12, Chapter II, Part 206, cited as 12 CFR 206. The words "this Part", as used herein, mean Regulation F.

¹ See Appendix, page 34.

(g) The term **"employee"** does not include a director, trustee, or officer.

(h) The term **"equity capital accounts"** means capital stock, surplus, undivided profits, and reserve for contingencies and other capital reserves.

(i) The term **"fiscal year"** means the annual accounting period or, if no closing date has been adopted, the calendar year ending on December 31.

(j) (1) For the purpose of determining whether the registration requirements of section 12(g)(1) of the Act are applicable, securities shall be deemed to be **"held of record"** by each person who is identified as the owner of such securities on records of security holders maintained by or on behalf of the bank, subject to the following:

(i) In any case where the records of security holders have not been maintained in accordance with accepted practice, any additional person who would be identified as such an owner on such records if they had been maintained in accordance with accepted practice shall be included as a holder of record.

(ii) Securities identified as held of record by a corporation, a partnership, a trust whether or not the trustees are named, or other organization shall be included as so held by one person.

(iii) Securities identified as held of record by one or more persons as trustees, executors, guardians, custodians, or in other fiduciary capacities with respect to a single trust, estate, or account shall be included as held of record by one person.

(iv) Securities held by two or more persons as co-owners shall be included as held by one person.

(v) Each outstanding unregistered or bearer certificate shall be included as held of record by a separate person, except to the extent that the bank can establish that, if such securities were registered, they would be held of record, under the provisions of this paragraph (j), by a lesser number of persons.

(vi) Securities registered in substantially similar names, where the bank has reason to believe because of the address or other indications that such names represent the same per-

son, may be included as held of record by one person.

(2) Notwithstanding subparagraph (1):

(i) Securities held subject to a voting trust, deposit agreement, or similar arrangement shall be included as held of record by the record holders of the voting trust certificates, certificates of deposit, receipts, or similar evidences of interest in such securities; Provided, however, that the bank may rely in good faith on such information as is received in response to its request from a nonaffiliated issuer of the certificates or interests.

(ii) If the bank knows or has reason to know that the form of holding securities of record is used principally to circumvent the provisions of section 12(g)(1) of the Act, the beneficial owners of such securities shall be deemed to be record owners thereof.

(k) The term **"immediate family"** includes a person's (1) spouse; (2) son, daughter, and descendant of either; (3) father, mother, and ancestor of either; (4) stepson and stepdaughter; and (5) stepfather and stepmother. For the purpose of determining whether any of the foregoing relationships exist, a legally adopted child shall be considered a child by blood.

(l) The term **"listed"** means admitted to full trading privileges upon application by the bank and includes securities for which authority to add to the list on official notice of issuance has been granted.

(m) The term **"majority-owned subsidiary"** means a subsidiary more than 50 per cent of whose outstanding securities representing the right, other than as affected by events of default, to vote for the election of directors, is owned by the subsidiary's parent and/or one or more of the parent's other majority-owned subsidiaries.

(n) The term **"material"**, when used to qualify a requirement for furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before buying or selling the security registered.

(o) The term **"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 officers for the purpose of this Part.

(p) The term **"option"** means any option, warrant, or right other than those issued to security holders on a pro rata basis.

(q) The term **"parent"** of a specified person is a person controlling such person directly, or indirectly through one or more intermediaries.

(r) The term **"plan"** includes all plans, contracts, authorizations, or arrangements, whether or not set forth in any formal document.

(s) The term **"predecessor"** means a person the major portion of the business and assets of which another person acquired in a single succession or in a series of related successions.

(t) The terms **"previously filed"** and **"previously reported"** mean previously filed with, or reported in, a registration statement under section 12, a report under section 13, or a definitive proxy statement or statement where management does not solicit proxies under section 14 of the Act, which statement or report has been filed with the Board, except that information contained in any such document shall be deemed to have been previously filed with or reported to an exchange only if such document is filed with such exchange.

(u) The term **"principal underwriter"** means an underwriter in privity of contract with the issuer of the securities as to which he is underwriter.

(v) The term **"promoter"** includes: (1) any person who, acting alone or in conjunction with one or more other persons, directly or indirectly takes initiative in founding and organizing the bank; (2) any person who, in connection with the founding and organizing of the bank, directly or indirectly receives in consideration of services or property or both services and property 10 per cent or more of any class of securities of the bank or 10 per cent or more of the proceeds

from the sale of any class of such securities. A person who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not, however, be deemed a promoter if such person does not otherwise take part in founding and organizing the bank.

(w) The term **"proxy"** includes every proxy, consent, or authorization within the meaning of section 14(a) of the Act. The consent or authorization may take the form of failure to object or to dissent.

(x) The terms **"qualified stock option"**, **"restricted stock option"**, and **"employee stock purchase plan"** have the meanings given them in sections 422 through 424 of the Internal Revenue Code of 1954.

(y) The term **"share"** means a share of stock in a corporation or unit of interest in an unincorporated person.

(z) The term **"significant subsidiary"** means a subsidiary meeting either of the following conditions:

(1) The investments in the subsidiary by its parent plus the parent's proportion of the investments in such subsidiary by the parent's other subsidiaries, if any, exceed 5 per cent of the equity capital accounts of the bank. "Investments" refers to the amount carried on the books of the parent and other subsidiaries or the amount equivalent to the parent's proportionate share in the equity capital accounts of the subsidiary, whichever is greater.

(2) The parent's proportion of the gross operating revenues of the subsidiary exceeds 5 per cent of the gross operating revenues of the parent.

(aa) The terms **"solicit"** and **"solicitation"** mean (1) any request for a proxy whether or not accompanied by or included in a form of proxy; (2) any request to execute or not to execute, or to revoke, a proxy; or (3) the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding, or revocation of a proxy. The terms do not apply, however, to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, the performance by the bank of acts

required by § 206.5(g), or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

(bb) A **"subsidiary"** of a bank is (1) an affiliate controlled by the bank, directly or indirectly, through one or more intermediaries, except where the control (i) exists by reason of ownership or control of voting securities by the bank in a fiduciary capacity, or (ii) was obtained by the bank in the course of securing or collecting a debt previously contracted in good faith, or (2) a person a majority of whose voting securities are held in trust for the benefit of the holders of a class of stock of the bank pro rata.

(cc) The term **"succession"** means the direct acquisition of the assets comprising a going business, whether by merger, consolidation, purchase, or other direct transfer. The term does not include the acquisition of control of a business unless followed by the direct acquisition of its assets. The term **"succeed"** and **"successor"** have meanings correlative to the foregoing.

(dd) The term **"verified"**, when used with respect to financial statements, means either (1) certified by an independent public accountant, or (2) signed in accordance with § 206.7(b)(2) by the person principally responsible for the accounting records of the bank (the "principal accounting officer") and by the person principally responsible for the audit procedures of the bank (the "auditor"); except that the term **"verified"** shall mean certified by an independent public accountant in any case in which the Board so informs the bank concerned, in writing, at least 90 days prior to the end of the fiscal year to which the financial statements will relate.

(ee) The term **"voting securities"** means securities the holders of which are presently entitled to vote for the election of directors.

(ff) The terms **"beneficial ownership"**, **"beneficially owned"**, and the like, when used with respect to the reporting of ownership of the bank's equity securities in any statement or report required by this Part, shall include, in addition to direct and indirect beneficial ownership by the reporting person, ownership of such securities (1) by the spouse (except where legally separated) and minor children of such reporting person, and (2) by any other relative of the reporting person who has the same home as such person.

SECTION 206.3—INSPECTION AND PUBLICATION OF INFORMATION FILED UNDER THE ACT

(a) **Filing of material with the Board.** All papers required to be filed with the Board pursuant to the Act or regulations thereunder shall be filed at its office in Washington, D. C. Material may be filed by delivery to the Board, through the mails, or otherwise. The date on which papers are actually received by the Board shall be the date of filing thereof if all of the requirements with respect to the filing have been complied with.

(b) **Inspection.** Except as provided in paragraph (c), all information filed regarding a security registered with the Board will be available for inspection at the Federal Deposit Insurance Corporation, 550 Seventeenth Street, N. W., Washington, D. C. In addition, copies of the registration statement and reports required by § 206.4 (exclusive of exhibits), the statements required by § 206.5(a), and the annual reports to security holders required by § 206.5(c), will be available for inspection at the New York, Chicago, and San Francisco Federal Reserve Banks and at the Reserve Bank of the district in which the bank filing the statements or reports is located.

(c) **Nondisclosure of certain information filed.** Any person filing any statement, report, or document under the Act may make written objection to the public disclosure of any information contained therein in accordance with the procedure set forth below:

(1) The person shall omit from the statement, report, or document, when it is filed, the portion thereof that it desires to keep undisclosed (hereinafter called the confidential portion). In lieu thereof, it shall indicate at the appropriate place in the statement, report, or document that the confidential portion has been so omitted and filed separately with the Board.

(2) The person shall file with the copies of the statement, report, or document filed with the Board:

(i) As many copies of the confidential portion, each clearly marked **"CONFIDENTIAL TREATMENT"**, as there are copies of the state-

ment, report, or document filed with the Board and with each exchange, if any. Each copy shall contain the complete text of the item and, notwithstanding that the confidential portion does not constitute the whole of the answer, the entire answer thereto; except that in case the confidential portion is part of a financial statement or schedule, only the particular financial statement or schedule need be included. All copies of the confidential portion shall be in the same form as the remainder of the statement, report, or document.

(ii) An application making objection to the disclosure of the confidential portion. Such application shall be on a sheet or sheets separate from the confidential portion, and shall contain (a) an identification of the portion of the statement, report, or document that has been omitted, (b) a statement of the grounds of objection, and (c) the name of each exchange, if any, with which the statement, report, or document is filed. The copies of the confidential portion and the application filed in accordance with this subparagraph shall be enclosed in a separate envelope marked "CONFIDENTIAL TREATMENT" and addressed to Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

(3) Pending the determination by the Board as to the objection filed in accordance with subparagraph (2), the confidential portion will not be disclosed by the Board.

(4) If the Board determines that the objection shall be sustained, a notation to that effect will be made at the appropriate place in the statement, report, or document.

(5) If the Board shall have determined that disclosure of the confidential portion is in the public interest, a finding and determination to that effect will be entered and notice of the finding and determination will be sent by registered or certified mail to the person.

(6) The confidential portion shall be made available to the public:

(i) upon the lapse of 15 days after the dispatch of notice by registered or certified mail of the finding and determination of the Board described in subparagraph (5), if prior to the lapse of such 15 days the person shall not have

filed a written statement that he intends in good faith to seek judicial review of the finding and determination;

(ii) upon the lapse of 60 days after the dispatch of notice by registered or certified mail of the finding and determination of the Board, if the statement described in clause (i) shall have been filed and if a petition for judicial review shall not have been filed within such 60 days; or

(iii) if such petition for judicial review shall have been filed within such 60 days, upon final disposition, adverse to the person, of the judicial proceedings.

(7) If the confidential portion is made available to the public, a copy thereof shall be attached to each copy of the statement, report, or document filed with the Board and with each exchange concerned.

SECTION 206.4—REGISTRATION STATEMENTS AND REPORTS

(a) **Requirement of registration statement.** Securities of a bank shall be registered under the provisions of either section 12(b) or section 12(g) of the Act by filing a statement in conformity with the requirements of Form F-1 (or Form F-10, in the case of registration of an additional class of securities). No registration shall be required under the provisions of section 12(b) or section 12(g) of the Act of any warrant or certificate evidencing a right to subscribe to or otherwise acquire a security of a bank if such warrant or certificate by its terms expires within 90 days after the issuance thereof.

(b) **Registration effective as to class or series.** Depending upon whether the security is to be listed on an exchange, registration shall become effective as provided in section 12(d) or section 12(g)(1) of the Act as to the entire class of such security, then or thereafter authorized. If, however, a class of security is issuable in two or more series with different terms, each such series shall be deemed a separate class for the purposes of this paragraph.

(c) **Acceleration of effectiveness of registration.** A request for acceleration of the effective date of registration shall be made in writing by

either the bank, an exchange, or both and shall briefly describe the reasons therefor.

(d) **Exchange certification.** (1) Certification that a security has been approved by an exchange for listing and registration pursuant to section 12(d) of the Act shall be made by the governing committee or other corresponding authority of the exchange.

(2) The certification shall specify (i) the approval of the exchange for listing and registration; (ii) the title of the security so approved; (iii) the date of filing with the exchange of the registration statement and of any amendments thereto; and (iv) any conditions imposed on such certification. The exchange shall promptly notify the Board of the partial or complete satisfaction of any such conditions.

(3) The certification may be made by telegram but in such case shall be confirmed in writing. All certifications in writing and all amendments thereto shall be filed with the Board in duplicate and at least one copy shall be manually signed by the appropriate exchange authority.

(4) The date of receipt by the Board of the certification approving a security for listing and registration shall be the date on which the certification is actually received by the Board or the date on which the registration statement to which the certification relates is actually received by the Board, whichever date is later.

(5) If an amendment to the registration statement is filed with the exchange and with the Board after the receipt by the Board of the certification of the exchange approving the security for listing and registration, the certification, unless withdrawn, shall be deemed made with reference to the statement as amended.

(6) An exchange may, by notice to the Board, withdraw its certification prior to the time that the registration to which it relates first becomes effective pursuant to paragraph (b) of this § 206.4.

(e) **Requirement of annual reports.** Every registrant bank shall file an annual report for each fiscal year after the last full fiscal year for which financial statements were filed with the registration statement. The report, which shall conform to the requirements of Form F-2, shall

be filed within 90 days after the close of the fiscal year or within 30 days of the mailing of the bank's annual report to stockholders, whichever occurs first.

(f) **Exception from requirement for annual report.** Notwithstanding paragraph (e) of this § 206.4, any bank that has filed, within the period prescribed for filing an annual report pursuant to that paragraph, a registration statement that has become effective and is not subject to any proceeding under section 15(c) or section 19(a) of the Act, or to an order thereunder, need not file an annual report if such statement covers the fiscal period that would be covered by such annual report and contains all of the information, including financial statements and exhibits, required for annual reports.

(g) **Current reports.** (1) Every registrant bank shall file a current report in conformity with the requirements of Form F-3 within 10 days after the close of any month during which any of the events specified in that form occurs, unless substantially the same information as required by that form has been previously reported by the bank.

(2) Any person who, after acquiring, subsequent to July 29, 1968, directly or indirectly, the beneficial ownership of any equity security of a member State bank, of a class which is registered pursuant to section 12 of the Act, is directly or indirectly the beneficial owner of more than 10 per cent of such class shall, within ten days after such acquisition, send to the bank at its principal executive office, by registered or certified mail, send to each exchange where the security is traded, and file with the Board a statement containing the information required by Form F-11.

(3) If any material change occurs in the facts set forth in the statement required by paragraph (g)(2), the person who filed such statement shall promptly file with the Board and send to the bank and the exchange an amendment disclosing such change.

(h) **Quarterly reports.** Every registrant bank shall file a quarterly report in conformity with the requirements of Form F-4 for each fiscal quarter ending after the close of the latest fiscal year for which financial statements were filed in a registration statement, except that no report

need be filed for the fiscal quarter which coincides with the end of the fiscal year of the bank. Such reports shall be filed not later than 30 days after the end of such quarterly period, except that the report for any period ending prior to the date on which a class of securities of the bank first becomes effectively registered may be filed not later than 30 days after the effective date of such registration.

(i) **Additional information.** In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

(j) **Information not available.** Information required need be given only insofar as it is known or reasonably available to the bank. If any required information is unknown and not reasonably available to the bank, either because the obtaining thereof would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of another person not affiliated with the bank, the information may be omitted, subject to the following conditions:

(1) The bank shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense together with the sources thereof, and

(2) The bank shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to such person for the information. No such request need be made, however, to any foreign government, or an agency or instrumentality thereof, if, in the opinion of the bank, such request would be harmful to existing relationships.

(k) **Disclaimer of control.** If the existence of control is open to reasonable doubt in any instance, the bank may disclaim the existence of control and any admission thereof; in such case, however, the bank shall state the material facts pertinent to the possible existence of control.

(l) **Incorporation by reference.** (1) Matter contained in any part of a statement or report, other than exhibits, may be incorporated by ref-

erence in answer or partial answer to any item of the statement or report. Matter contained in an exhibit may be so incorporated to the extent permitted in paragraph (m) of this § 206.4. A registration statement for an additional class of securities of the bank may incorporate by reference any item contained in a previous registration statement or report.

(2) Material incorporated by reference shall be clearly identified in the reference. An express statement that the specified matter is incorporated by reference shall be made at the particular place in the statement or report where the information is required. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear, or confusing.

(m) **Summaries or outlines of documents.** Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made, in succinct and condensed form, as to the most important provisions. In addition to such statement, the summary or outline may incorporate by reference particular items, sections, or paragraphs of any exhibit and may be qualified in its entirety by such reference. Matter contained in an exhibit may be incorporated by reference in answer to an item only to the extent permitted by this paragraph (m).

(n) **Omission of substantially identical documents.** In any case where two or more indentures, contracts, franchises, or other documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, the bank need file a copy of only one of such documents, with a schedule identifying the documents omitted and setting forth the material details in which such documents differ from the document of which a copy is filed. The Board may at any time in its discretion require the filing of copies of documents so omitted.

(o) **Incorporation of exhibits by reference.** (1) Any document or part thereof previously filed with the Board pursuant to this Part may, subject to the following limitations, be incorporated by reference as an exhibit to any registration statement or report filed with the Board by the same or any other person. Any document or part thereof filed with an exchange pursuant to

the Act may be incorporated by reference as an exhibit to any registration statement or report filed with the exchange by the same or any other person.

(2) Any document incorporated by reference pursuant to this paragraph (o) shall be so incorporated only by reference to the specific document and to the prior filing in which it was physically filed, not to another file which incorporates it by reference.

(3) If any modification has occurred in the text of any document incorporated by reference since the filing thereof, the bank shall file with the reference a statement containing the text of any such modification and the date thereof.

(4) No document which has been on file with the Board pursuant to this Part for a period of more than 10 years may be incorporated by reference. This limitation shall not, however, apply to a corporate charter or by-laws if such document has not been amended more than twice since such filing.

(p) **Extension of time for furnishing information.** If the furnishing of any information, document, or report at the time it is required to be filed is impracticable, the bank may file with the Board as a separate document an application (1) identifying the information, document, or report in question, (2) stating why the filing thereof at the time required is impracticable, and (3) requesting an extension of time for filing the information, document, or report to a specified date not more than 60 days after the date it would otherwise have to be filed. The application shall be deemed granted unless the Board, within 10 days after receipt thereof, shall enter an order denying the application.

(q) **Number of copies; signatures; binding.** (1) Except where otherwise provided in a particular form, 8 copies of each registration statement and report (including financial statements) and 4 copies of each exhibit and each other document filed as a part thereof, shall be filed with the Board. At least one complete copy of each statement shall be filed with each exchange, if any, on which the securities covered thereby are being registered. At least one copy of each report shall be filed with each exchange, if any, on which the bank has securities registered.

(2) At least one copy of each statement or report filed with the Board and one copy thereof filed with an exchange shall be manually signed. If the statement or report is typewritten, one of the signed copies filed with the Board shall be an original "ribbon" copy. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power or other authority shall also be filed with the statement or report.

(3) Each copy of a statement or report filed with the Board or with an exchange shall be bound in one or more parts. Copies filed with the Board shall be bound without stiff covers. The statement or report shall be bound on the left side in such a manner as to leave the reading matter legible.

(r) **Requirements as to paper, printing, and language.** (1) Statements and reports shall be filed on good quality, unglazed, white paper 8½ x 13 inches in size, insofar as practicable. Tables, charts, maps, and financial statements may, however, be on larger paper if folded to that size.

(2) The statement or report and, insofar as practicable, all papers and documents filed as a part thereof, shall be printed, lithographed, mimeographed, xeroxed, or typewritten. The statement or report or any portion thereof may, however, be prepared by any similar process that, in the opinion of the Board, produces copies suitable for a permanent record. Irrespective of the process used, all copies of any such material shall be clear, easily readable, and suitable for repeated photocopying. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies.

(3) The body of all printed statements and reports shall be in roman type at least as large as 10-point modern type. To the extent necessary for convenient presentation, however, financial statements and other statistical or tabular data and the notes thereto may be in type at least as large as 8-point modern type. All type shall be leaded at least 2 points.

(4) Statements and reports shall be in English. If any exhibit or other paper or document

filed with a statement or report is in a foreign language, it shall be accompanied by a translation into English.

(s) **Preparation of statement or report.** Each statement and report shall contain the numbers and captions of all items of the appropriate form, but the text of the items may be omitted provided the answers thereto are so prepared as to indicate to the reader the coverage of the items without the necessity of his referring to the text of the items or instructions thereto. Where any item requires information to be given in tabular form, however, it shall be given in substantially the tabular form specified in the item. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable, or the answer thereto is in the negative, an appropriate statement to that effect shall be made.

(t) **Riders; inserts.** Riders shall not be used. If the statement or report is typed on a printed form, and the space provided for the answer to any given item is insufficient, reference shall be made in such space to a full insert page or pages on which the item number and caption and the complete answer are given.

(u) **Amendments.** All amendments shall comply with all pertinent requirements applicable to statements and reports. Amendments shall be filed separately for each separate statement or report amended. Amendments to a statement may be filed either before or after registration becomes effective.

(v) **Title of securities.** Wherever the title of securities is required to be stated, information shall be given that will indicate the type and general character of the securities, including:

(1) In the case of shares, the par or stated value, if any; the rate of dividends, if fixed, and whether cumulative or noncumulative; a brief indication of the preference, if any; and if convertible, a statement to that effect.

(2) In the case of funded debt, the rate of interest; the date of maturity, or if the issue matures serially, a brief indication of the serial maturities, such as "maturing serially from 1970 to 1980"; if payment of principal or interest is contingent, an appropriate indication of such

contingency; a brief indication of the priority of the issue; and if convertible, a statement to that effect.

(3) In the case of any other kind of security, appropriate information of comparable character.

(w) **Interpretation of requirements.** Unless the context clearly shows otherwise,

(1) The forms require information only as to the bank.

(2) Whenever any fixed period of time in the past is indicated, such period shall be computed from the date of filing.

(3) Whenever words relate to the future, they have reference solely to present intention.

(4) Any words indicating the holder of a position or office include persons, by whatever titles designated, whose duties are those ordinarily performed by holders of such positions or offices.

(x) **When securities are deemed to be registered.** A class of securities with respect to which an application for registration or a registration statement has been filed pursuant to section 12 of the Act shall be deemed to be registered for the purposes of sections 13, 14, and 16 of the Act and this Part only when such application or registration statement has become effective as provided in section 12, and securities of said class shall not be subject to sections 13, 14, and 16 of the Act until such application or registration statement has become effective as provided in section 12.

SECTION 206.5—PROXY STATEMENTS AND OTHER SOLICITATIONS UNDER SECTION 14 OF THE ACT.

(a) **Requirement of Statement.** No solicitation of a proxy with respect to a security of a bank registered pursuant to section 12 of the Act shall be made unless each person solicited is concurrently furnished, or has previously been furnished, with a written proxy statement containing the information required by Form F-5. If the management of any bank having such a security outstanding fails to solicit proxies from the holders of any such security in such a manner as to require the furnishing of such a proxy

statement, such bank shall transmit to all holders of record of such security a statement containing the information required by Form F-5. The "information statement" required by the preceding sentence shall be transmitted (i) at least 20 calendar days prior to any annual or other meeting of the holders of such security at which such holders are entitled to vote, or (ii) in the case of corporate action taken with the written authorization or consent of security holders, at least 20 days prior to the earliest date on which the corporate action may be taken. A proxy statement or an "information statement" required by this paragraph is hereinafter sometimes referred to as a "Statement".

(b) **Exceptions.** The requirements of the first sentence of paragraph (a) shall not apply to the following:

(1) Any solicitation made otherwise than on behalf of the management of the bank where the total number of persons solicited is not more than 10.

(2) Any solicitation by a person in respect to securities carried in his name or in the name of his nominee (otherwise than as voting trustee) or held in his custody, if such person

(i) receives no commission or remuneration for such solicitation, directly or indirectly, other than reimbursement of reasonable expenses;

(ii) furnishes promptly to the person solicited a copy of all soliciting material with respect to the same subject matter or meeting received from all persons who will furnish copies thereof for such purpose and who will, if requested, defray the reasonable expenses to be incurred in forwarding such material; and

(iii) in addition, does no more than (a) impartially instruct the person solicited to forward a proxy to the person, if any, to whom the person solicited desires to give a proxy, or (b) impartially request from the person solicited instructions as to the authority to be conferred by the proxy and state that a proxy will be given if no instructions are received by a certain date.

(3) Any solicitation by a person with respect to securities of which he is the beneficial owner.

(4) Any solicitation through the medium of a newspaper advertisement that informs security holders of a source from which they may obtain copies of a proxy statement, form of proxy, and any other soliciting material and does no more than (i) name the bank; (ii) state the reason for the advertisement; and (iii) identify the proposal or proposals to be acted upon by security holders.

(c) **Annual report to security holders to accompany Statements.** (1) Any Statement furnished on behalf of the management of the bank that relates to an annual meeting of security holders at which directors are to be elected shall be accompanied or preceded by an annual report to such security holders containing such financial statements for the last 2 fiscal years as will, in the opinion of the management, adequately reflect the financial position of the bank at the end of each such year and the results of its operations for each such year. The financial statements included in the annual report may omit details or summarize information if such statements, considered as a whole in the light of other information contained in the report and in the light of the financial statements of the bank filed or to be filed with the Board, will not by such procedure omit any material information necessary to a fair presentation or to make the financial statements not misleading under the circumstances. Subject to the foregoing requirements with respect to financial statements, the annual report to security holders may be in any form deemed suitable by the management. This paragraph (c) shall not apply, however, to solicitations made on behalf of management before the financial statements are available if solicitation is being made at the time in opposition to the management and if the management's Statement includes an undertaking in bold-faced type to furnish such annual report to all persons being solicited at least 20 days before the date of the meeting.

NOTES: 1. To reflect adequately the financial position and results of operations of a bank in its annual report to security holders, the financial presentation shall include, but not necessarily be limited to, the following:

(a) Comparative statements of condition at the end of each of the last 2 fiscal years.

(b) Comparative statements of income in a form providing for the determination of "net income" for each fiscal year and per share earnings data.

(c) Comparative statements of changes in capital accounts for each fiscal year similar in form to Form F-9C.

(d) A comparative reconciliation of the "Allowance for Possible Loan Losses" account similar in form to Schedule VII, Form F-9D.

(e) Supplemental notes to financial statements to the extent necessary to furnish a fair financial presentation.

2. The financial statements should be prepared on a consolidated basis to the extent required by § 206.7

(d). Any differences from the principles of consolidation or other accounting principles or practices, or methods of applying accounting principles or practices, applicable to the financial statements of the bank filed or to be filed with the Board, which have a material effect on the financial position or results of operations of the bank, shall be noted and the effect thereof reconciled or explained in the annual report to security holders.

3. When financial statements included in the annual report (Form F-2) filed, or proposed to be filed, with the Board are accompanied by an opinion of an independent public accountant, the financial statements in the annual report to security holders should also be accompanied by an opinion of such independent public accountant.

4. The requirement for sending an annual report to each person being solicited will be satisfied with respect to persons having the same address by sending at least one report to a holder of record at that address provided (i) that management has reasonable cause to believe that the record holder to whom the report is sent is the "beneficial owner" (see definition in § 206.2(ff)) of securities registered in the name of such person in other capacities or in the name of other persons at such address, or (ii) the security holders at such address consent thereto in writing. Nothing herein shall be deemed to relieve any person so consenting of any obligation to obtain or send such annual report to any other person.

(2) Eight copies of each annual report sent to security holders pursuant to this paragraph (c) shall be sent to the Board not later than (i) the date on which such report is first sent or given to security holders, or (ii) the date on which preliminary copies of the management Statement are filed with the Board pursuant to paragraph (f), whichever date is later. Such annual report is not deemed to be "soliciting material" or to

be "filed" with the Board or otherwise subject to this § 206.5 or the liabilities of section 18 of the Act, except to the extent that the bank specifically requests that it be treated as a part of the proxy soliciting material or incorporates it in the proxy statement by reference.

(d) **Requirements as to proxy.** (1) The form of proxy (i) shall indicate in bold-face type whether or not the proxy is solicited on behalf of the management of the bank, (ii) shall provide a specifically designated blank space for dating the proxy, and (iii) shall identify clearly and impartially each matter or group of related matters intended to be acted upon, whether proposed by the management or by security holders. No reference need be made, however, to proposals as to which discretionary authority is conferred pursuant to subparagraph (4) of this paragraph.

(2) Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of each matter or group of related matters referred to therein as intended to be acted upon, other than elections to office. A proxy may confer discretionary authority with respect to matters as to which a choice is not so specified if the form of proxy states in bold-face type how the shares represented by the proxy are intended to be voted in each such case.

(3) A form of proxy which provides both for the election of directors and for action on other specified matters shall be prepared so as clearly to provide, by a box or otherwise, means by which the security holder may withhold authority to vote for the election of directors. Any such form of proxy which is executed by the security holder in such manner as not to withhold authority to vote for the election of directors shall be deemed to grant such authority, provided the form of proxy so states in bold-face type. This paragraph (3) does not apply (i) in the case of a merger, consolidation, or other plan if the election of directors is an integral part of the plan and is not to be separately voted upon or (ii) if the only

matters to be acted upon are the election of directors and the election, selection, or approval of other persons such as clerks or auditors.

(4) A proxy may confer discretionary authority to vote with respect to any of the following matters:

(i) Matters that the persons making the solicitation do not know, within a reasonable time before the solicitation, are to be presented at the meeting, if a specific statement to that effect is made in the proxy statement or form of proxy;

(ii) Approval of the minutes of the prior meeting if such approval does not amount to ratification of the action taken at that meeting;

(iii) The election of any person to any office for which a bona fide nominee is named in the proxy statement and such nominee is unable to serve or for good cause refuses to serve;

(iv) Any proposal omitted from the proxy statement and form of proxy pursuant to § 206.5(k);

(v) Matters incident to the conduct of the meeting.

(5) No proxy shall confer authority (i) to vote for the election of any person to any office for which a bona fide nominee is not named in the proxy statement, or (ii) to vote at any annual meeting other than the next annual meeting (or any adjournment thereof) to be held after the date on which the proxy statement and form of proxy are first sent or given to security holders. A person shall not be deemed to be a bona fide nominee and he shall not be named as such unless he has consented to being named in the proxy statement and to serve if elected.

(6) The proxy statement or form of proxy shall provide, subject to reasonable specified conditions, that the shares represented by the proxy will be voted and that where the person solicited specifies by means of a ballot provided pursuant to subparagraph (2) a choice with respect to any matters to be acted upon, the shares will be voted in accordance with the specifications so made.

(e) Presentation of information in Statement.

(1) The information included in the Statement shall be clearly presented and the statements made shall be divided into groups according to

subject matter and the various groups of statements shall be preceded by appropriate headings. The order of items in the form need not be followed. Where practicable and appropriate, the information shall be presented in tabular form. All amounts shall be stated in figures. Information required by more than one applicable item need not be repeated. No statement need be made in response to any item that is inapplicable.

(2) Any information required to be included in the Statement as to terms of securities or other subject matter that from a standpoint of practical necessity must be determined in the future may be stated in terms of present knowledge and intention. To the extent practicable, the authority to be conferred concerning each such matter shall be confined within limits reasonably related to the need for discretionary authority. Subject to the foregoing, information that is not known to the persons on whose behalf the solicitation is to be made and is not reasonably within the power of such persons to ascertain or procure may be omitted, if a brief statement of the circumstances rendering such information unavailable is made.

(3) There may be omitted from a proxy statement any information contained in any other proxy soliciting material that has been furnished to each person solicited in connection with the same meeting or subject matter if a clear reference is made to the particular document containing such information.

(4) All printed Statements shall be set in roman type at least as large as 10-point modern type except that, to the extent necessary for convenient presentation, financial statements and other statistical or tabular matter may be set in roman type at least as large as 8-point modern type. All type shall be leaded at least 2 points.

(f) **Material required to be filed.** (1) Three preliminary copies of each Statement, form of proxy, and other items of soliciting material to be furnished to security holders concurrently therewith, shall be filed with the Board by management or any other person making a solicitation subject to this § 206.5 at least 10 calendar days

(or 15 calendar days in the case of other than routine meetings, as defined below) prior to the date such item is first sent or given to any security holders, or such shorter period prior to that date as may be authorized. For the purposes of this subparagraph (1), a routine meeting means a meeting with respect to which no one is soliciting proxies subject to this § 206.5 other than on behalf of management and at which management intends to present no matters other than the election of directors, election of inspectors of election, and other recurring matters. In the absence of actual knowledge to the contrary, management may assume that no other such solicitation of the bank's security holders is being made. In cases of annual meetings, one additional preliminary copy of the Statement, the form of proxy, and any other soliciting material, marked to show changes from the material sent or given to security holders with respect to the preceding annual meeting, shall be filed with the Board.

(2) Three preliminary copies of any additional soliciting material, relating to the same meeting or subject matter, furnished to security holders subsequent to the proxy statement shall be filed with the Board at least two days (exclusive of Saturdays, Sundays, and holidays) prior to the date copies of such material are first sent or given to security holders, or such shorter period prior to such date as may be authorized upon a showing of good cause therefor.

(3) Eight copies of each Statement, form of proxy, and other items of soliciting material, in the form in which such material is furnished to security holders, shall be filed with, or mailed for filing to, the Board not later than the date such material is first sent or given to any security holders. Three copies of such material shall at the same time be filed with, or mailed for filing to, each exchange upon which any security of the bank is listed.

(4) If the solicitation is to be made in whole or in part by personal solicitation, three copies of all written instructions or other material that discusses or reviews, or comments upon the merits of, any matter to be acted upon, and is furnished to the individuals making the actual solicitation for their use directly or indirectly in connection with the solicitation, shall be filed with the Board by the

person on whose behalf the solicitation is made at least five days prior to the date copies of such material are first sent or given to such individuals, or such shorter period prior to that date as may be authorized upon a showing of good cause therefor.

(5) All copies of material filed pursuant to subparagraphs (1) and (2) shall be clearly marked "Preliminary Copies" and shall be for the information of the Board only, except that such material may be disclosed to any department or agency of the United States Government and the Board may make such inquiries or investigation with respect to the material as may be necessary for an adequate review thereof. All material filed pursuant to subparagraphs (1), (2), or (3) shall be accompanied by a statement of the date upon which copies thereof are intended to be, or have been, sent or given to security holders. All material filed pursuant to subparagraph (4) shall be accompanied by a statement of the date upon which copies thereof are intended to be released to the individuals who will make the actual solicitation.

(6) Copies of replies to inquiries from security holders requesting further information and copies of communications that do no more than request that forms of proxy theretofore solicited be signed, dated, and returned need not be filed pursuant to this paragraph (f).

(7) Notwithstanding the provisions of paragraphs (f)(1), (f)(2), and (i)(5), copies of soliciting material in the form of speeches, press releases, and radio or television scripts may, but need not, be filed with the Board prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the Board as required by paragraph (f)(3) not later than the date such material is used or published. The provision of paragraphs (f)(1), (f)(2), and (i)(5) shall apply, however, to any reprints or reproductions of all or any part of such material.

(8) Where any Statement, form of proxy, or other material filed pursuant to this paragraph (f) is revised, two of the copies of such revised material filed pursuant to paragraph (f)(3) shall be marked to indicate clearly the changes. If the revision alters the text of the material, the changes

in such text shall be indicated by means of underlining or in some other appropriate manner.

(9) The date that proxy material is "filed" with the Board for purposes of subparagraphs (1), (2), and (4) of this paragraph is the date of receipt of the material by the Board, not the date of mailing to the Board. In computing the advance filing period for preliminary copies of proxy soliciting material referred to in such subparagraphs, the filing date of the preliminary material is to be counted as the first day of the period and definitive material should not be planned to be mailed or distributed to security holders until after the expiration of such period. Where additional time is required for final printing after receipt of comments, the preliminary proxy material should be filed as early as possible prior to the intended mailing date.

(10) Where preliminary copies of material are filed with the Board pursuant to this subsection, the printing of definitive copies for distribution to security holders should be deferred until the comments of the Board's staff have been received and considered.

(g) **Mailing communications for security holders.** If the management of the bank has made or intends to make any proxy solicitation subject to this § 206.5, the bank shall perform such of the following acts as may be requested in writing with respect to the same subject matter or meeting by any security holder who is entitled to vote on such matter or to vote at such meeting and who shall first defray the reasonable expenses to be incurred by the bank in the performance of the act or acts requested:

(1) The bank shall mail or otherwise furnish to such security holder the following information as promptly as practicable after the receipt of such request:

(i) A statement of the approximate number of holders of record of any class of securities, any of the holders of which have been or are to be solicited on behalf of the management, or any group of such holders that the security holder shall designate;

(ii) If the management of the bank has made or intends to make, through bankers, brokers, or other persons, any solicitation of the beneficial owners of securities of any class, a state-

ment of the approximate number of such beneficial owners, or any group of such owners that the security holder shall designate;

(iii) An estimate of the cost of mailing a specified proxy statement, form of proxy, or other communication to such holders, including insofar as known or reasonably available, the estimated handling and mailing costs of the bankers, brokers, or other persons specified in (ii).

(2)(i) Copies of any proxy statement, form of proxy, or other communication furnished by the security holder shall be mailed by the bank to such of the holders of record specified in (1)(i) above as the security holder shall designate. The bank shall also mail to each banker, broker, or other persons specified in (1)(ii) above, a sufficient number of copies of such proxy statement, form of proxy, or other communication as will enable the banker, broker, or other person to furnish a copy thereof to each beneficial owner solicited or to be solicited through him;

(ii) Any such material that is furnished by the security holder shall be mailed with reasonable promptness by the bank after receipt of a tender of the material to be mailed, of envelopes or other containers therefor, of postage or payment for postage, and of evidence that such material has been filed with the Board pursuant to paragraph (f). The bank need not, however, mail any such material that relates to any matter to be acted upon at an annual meeting of security holders prior to the earlier of (a) a day corresponding to the first date on which management proxy soliciting material was released to security holders in connection with the last annual meeting of security holders, or (b) the first day on which solicitation is made on behalf of management. With respect to any such material that relates to any matter to be acted upon by security holders otherwise than at an annual meeting, such material need not be mailed prior to the first day on which solicitation is made on behalf of management;

(iii) Neither the management nor the bank shall be responsible for such proxy statement, form of proxy, or other communication.

(3) In lieu of performing the acts specified

above, the bank may, at its option, furnish promptly to such security holder a reasonably current list of the names and addresses of such of the holders of record specified in (1)(i) above as the security holder shall designate, and a list of the names and addresses of the bankers, brokers, or other persons specified in (1)(ii) above as the security holder shall designate together with a statement of the approximate number of beneficial owners solicited or to be solicited through each such banker, broker, or other person and a schedule of the handling and mailing costs of each such banker, broker, or other person, if such schedule has been supplied to the management of the bank. The foregoing information shall be furnished promptly upon the request of the security holder or at daily or other reasonable intervals as it becomes available to the management of the bank.

(h) **False or misleading statements.** (1) No solicitation or communication subject to this section shall be made by means of any Statement, form of proxy, notice of meeting, or other communication, written or oral, containing any statement that, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or that omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter that has become false or misleading. Depending upon particular circumstances, the following may be misleading within the meaning of this paragraph: predictions as to specific future market values, earnings, or dividends; material that directly or indirectly impugns character, integrity, or personal reputation, or directly or indirectly makes charges concerning improper, illegal, or immoral conduct or associations, without factual foundation; failure so to identify a Statement, form of proxy, and other soliciting material as clearly to distinguish it from the soliciting material of any other person or persons soliciting for the same meeting or subject matter; claims made prior to a meeting regarding the results of a solicitation.

(2) The fact that a proxy statement, form of

proxy, or other soliciting material has been filed with or reviewed by the Board or its staff shall not be deemed a finding by the Board that such material is accurate or complete or not false or misleading, or that the Board has passed upon the merits of or approved any statement therein or any matter to be acted upon by security holders. No representation contrary to the foregoing shall be made.

(i) Special provisions applicable to election contests.

(1) Solicitations to which this paragraph applies.

This paragraph (i) applies to any solicitation subject to this § 206.5 by any person or group of persons for the purpose of opposing a solicitation subject to this section by any other person or group of persons with respect to the election or removal of directors at any annual or special meeting of security holders.

(2) Participant defined.

(i) For purposes of this paragraph (i) the terms "participant" and "participant in a solicitation" include the following:

(a) the bank;

(b) any director of the bank, and any nominee for whose election as a director proxies are solicited;

(c) any committee or group that solicits proxies, any member of such committee or group, and any person whether or not named as a member who, acting alone or with one or more other persons, directly or indirectly, takes the initiative in organizing, directing, or financing any such committee or group;

(d) any person who finances or joins with another to finance the solicitation of proxies, except persons who contribute not more than \$500 and who are not otherwise participants;

(e) any person who lends money or furnishes credit or enters into any other arrangements, pursuant to any contract or understanding with a participant, for the purpose of financing or otherwise inducing the purchase, sale, holding, or voting of securities of the bank by any participant or other person, in support of or in opposition to a participant, except a bank, broker, or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or

sale of securities and who is not otherwise a participant;

(f) any other person who solicits proxies.

(ii) Such terms do not include

(a) any person or organization retained or employed by a participant to solicit security holders, or any person who merely transmits proxy soliciting material or performs ministerial or clerical duties;

(b) any person employed by a participant in the capacity of attorney, accountant, or advertising, public relations, or financial adviser, and whose activities are limited to the performance of his duties in the course of such employment;

(c) any person regularly employed as an officer or employee of the bank or any of its subsidiaries who is not otherwise a participant; or

(d) any officer or director of, or any person regularly employed by, any other participant, if such officer, director, or employee is not otherwise a participant.

(3) **Filing of information required by Form F-6.** (i) No solicitation subject to this paragraph (i) shall be made by any person other than the management of the bank unless at least five business days prior thereto, or such shorter period as the Board may authorize upon a showing of good cause therefor, there has been filed with the Board and with each exchange upon which any security of the bank is listed, by or on behalf of each participant in such solicitation, a statement in duplicate containing the information specified by Form F-6.

(ii) Within five business days after a solicitation subject to this paragraph (i) is made by the management of the bank, or such longer period as the Board may authorize upon a showing of good cause therefor, there shall be filed with the Board and with each exchange upon which any security of the bank is listed, by or on behalf of each participant in such solicitation, other than the bank, a statement in duplicate containing the information specified by Form F-6.

(iii) If any solicitation on behalf of management or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this paragraph (i) in opposition thereto, a statement in duplicate containing the information specified in Form F-6

shall be filed by or on behalf of each participant in such prior solicitation, other than the bank, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto, with the Board and with each exchange on which any security of the bank is listed.

(iv) If, subsequent to the filing of the statements required by subparagraphs (i), (ii), and (iii) above, additional persons become participants in a solicitation subject to this paragraph (i), there shall be filed, with the Board and each appropriate exchange, by or on behalf of each such person a statement in duplicate containing the information specified by Form F-6, within three business days after such person becomes a participant, or such longer period as the Board may authorize upon a showing of good cause therefor.

(v) If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to such statement shall be filed promptly with the Board and each appropriate exchange.

(vi) Each statement and amendment thereto filed pursuant to this paragraph (i) shall be part of the official public files of the Board and shall be deemed a communication subject to the provisions of paragraph (h) of this § 206.5.

(4) **Solicitations prior to furnishing required Statement.** Notwithstanding the provisions of § 206.5(a), a solicitation subject to this paragraph (i) may be made prior to furnishing security holders a written Statement containing the information specified in Form F-5 with respect to such solicitation if (i) the statements required by subparagraph (3) of this paragraph (i) are filed by or on behalf of each participant in such solicitation; (ii) no form of proxy is furnished to security holders prior to the time the Statement is furnished to security holders, except that this clause (ii) shall not apply where a Statement then meeting the requirements of Form F-5 has been furnished to security holders; (iii) at least the information specified in Items 2(a) and 3(a) of the statement required by subparagraph (3) of this paragraph (i) to be filed by each participant, or an appropriate summary thereof, is included in each communication sent or given to security holders in connection with

the solicitation; and (iv) a written Statement containing the information specified in Form F-5 with respect to a solicitation is sent or given security holders at the earliest practicable date.

(5) **Solicitations prior to furnishing required Statement—filing requirements.** Three copies of any soliciting material proposed to be sent or given to security holders prior to the furnishing of the proxy statement required by § 206.5(a) shall be filed with the Board in preliminary form, at least five business days prior to the date copies of such material are first sent or given to security holders, or such shorter period as the Board may authorize upon a showing of good cause therefor.

(6) **Application of this paragraph to annual report.** Notwithstanding the provisions of § 206.5(c), three copies of any portion of the annual report referred to in that paragraph that comments upon or refers to any solicitation subject to this paragraph (i), or to any participant in any such solicitation, other than the solicitation by the management, shall be filed with the Board as proxy material subject to this § 206.5. Such portion of the annual report shall be filed with the Board in preliminary form at least five business days prior to the date copies of the report are first sent or given to security holders.

(7) **Application of paragraph (f).** The provisions of subparagraphs (3), (4), (5), (6), and (7) of paragraph (f) of this § 206.5 shall apply, to the extent pertinent, to soliciting material subject to subparagraphs (5) and (6) of this paragraph (i).

(8) **Use of reprints or reproductions.** In any solicitation subject to this paragraph (i), soliciting material that includes, in whole or in part, any reprints or reproductions of any previously published material shall:

(i) state the name of the author and publication, the date of prior publication, and identify any person who is quoted without being named in the previously published material.

(ii) except in the case of a public, official document or statement, state whether or not the consent of the author and publication has been obtained to the use of the previously published material as proxy soliciting material.

(iii) if any participant using the previously published material, or anyone on his behalf, paid,

directly or indirectly, for the preparation or prior publication of the previously published material, or has made or proposes to make any payments or give any other consideration in connection with the publication or republication of such material, state the circumstances.

(j) **Prohibition of certain solicitations.** No person making a solicitation that is subject to this § 206.5 shall solicit (1) any undated or post-dated proxy; or (2) any proxy that provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder.

(k) **Proposals of security holders.** (1) If any security holder entitled to vote at a meeting of security holders of the bank shall submit to the management of the bank, within the time hereinafter specified, a proposal which is accompanied by notice of his intention to present the proposal for action at the meeting, the management shall set forth the proposal in its proxy statement and shall identify it in its form of proxy and provide means by which security holders can approve or disapprove the proposal. The management of the bank shall not be required by this section to include the proposal in its proxy statement for an annual meeting unless the proposal is submitted to management not less than 60 days in advance of a day corresponding to the first date on which the management's Statement was released to security holders in connection with the preceding annual meeting of security holders. A proposal to be presented at any other meeting shall be submitted to the management of the bank a reasonable time before the solicitation is made. This paragraph (k) shall not apply, however, to elections to office.

(2) If the management opposes the proposal, it shall also, at the written request of the security holder, include in the proxy statement (i) the name and address of the security holder, or a statement that such name and address will be furnished upon request, and (ii) a statement of the security holder (which shall not include such name and address) of not more than 100 words in support of the proposal. The statement and request of the security holder shall be furnished to the management at the same time that the pro-

posal is furnished. Neither the management nor the bank shall be responsible for such statement.

(3) Notwithstanding subparagraphs (1) and (2) of this paragraph, the management may omit a proposal and any statement in support thereof from its proxy statement and form of proxy under any of the following circumstances:

(i) if the proposal is impossible to accomplish or, under applicable law, is not a proper subject for action by security holders; or

(ii) if the proposal consists of a recommendation or request that the management take action with respect to a matter relating to the conduct of the ordinary business operations of the bank; or

(iii) if it appears that the proposal is submitted by the security holder principally for the purpose of enforcing a personal claim or redressing a personal grievance against the bank or its management, or principally for the purpose of promoting general economic, political, racial, religious, social, or similar causes; or

(iv) if the management has at the security holder's request included a proposal in its proxy statement and form of proxy relating to either of the two preceding annual meetings of security holders or any special meeting held subsequent to the earlier of such two annual meetings, and such security holder has failed without good cause to present the proposal, in person or by proxy, for action at the meeting; or

(v) if substantially the same proposal has previously been submitted to security holders in the management's proxy statement and form of proxy relating to any meeting of security holders held within the preceding five calendar years, it may be omitted from the proxy statement relating to any meeting of security holders held within the three calendar years after the latest such previous submission, provided that (a) if the proposal was submitted at only one meeting during such preceding period, it received less than 5 per cent of the total number of votes cast in regard thereto, or (b) if the proposal was submitted at only two meetings during such preceding period, it received at the time of its second submission less than 10 per cent of the total number of votes cast in regard thereto, or (c) if the proposal was submitted at three or more meetings during such period, it received at the time of its latest submission less

than 20 per cent of the total number of votes cast in regard thereto; or

(vi) if, prior to the receipt of such proposal, substantially the same proposal has been received by the management from another security holder and is to be included in the bank's proxy soliciting material.

(4) Whenever the management asserts that a proposal and any statement in support thereof may properly be omitted from the proxy statement and form of proxy, it shall file with the Board, not later than 20 days prior to the date the preliminary copies of the proxy statement and form of proxy are filed pursuant to § 206.5 (f)(1) or such shorter period prior to such date as the Board may permit, a copy of the proposal and any statement in support thereof as received from the security holder, together with a statement of the reasons why the management deems such omission to be proper in the particular case, and, where such reasons are based on matters of law, a supporting opinion of counsel. The management shall at the same time, if it has not already done so, notify the security holder submitting the proposal of its intention to omit the proposal from its proxy statement and shall forward to him a copy of the statement of the reasons why the management deems the omission of the proposal to be proper and a copy of such supporting opinion of counsel.

(I) **Invitations for tenders.** (1) No person, directly or indirectly, by use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, shall make a tender offer for, or a request or invitation for tenders of, any class of any equity security, which is registered pursuant to section 12 of the Act, of a member State bank if, after consummation thereof, such person would, directly or indirectly, be the beneficial owner of more than 10 per cent of such class, unless, at the time copies of the offer or request or invitation are first published or sent or given to security holders, such person has filed with the Board a statement containing the information and exhibits required by Form F-11: *Provided, however,* That any person making a tender offer for or a request or invitation for tenders which commenced prior to August 6, 1968, shall, if such offer, request or invitation continues after such date, file the state-

ment required by this paragraph on or before August 15, 1968.

(2) If any material change occurs in the facts set forth in the statement required by subparagraph (1), the person who filed such statement shall promptly file with the Board an amendment disclosing such change.

(3) All requests or invitations for tenders or advertisements making a tender offer or requesting or inviting tenders shall contain the name of the persons making such requests, invitations, or advertisements and the information required by Items 2(a) and (c), 3, 4, 5 and 6 of Form F-11, or a fair and adequate summary thereof, and shall be filed with the Board as part of the statement required by subparagraph (1).

(4) Any additional material soliciting or requesting such tender offers subsequent to the initial solicitation or request shall contain the name of the persons making such solicitation or request and the information required by Items 2(a) and (c), 3, 4, 5 and 6 of Form F-11, or a fair and adequate summary thereof: *Provided, however,* That such material may omit any of such information previously furnished to the persons solicited or requested for tender offers. Copies of such additional material soliciting or requesting such tender offers shall be filed with the Board not later than the time copies of such material are first published or sent or given to security holders.

(m) **Recommendations as to tender offers.** (1) No solicitation or recommendation to the holders of a security to accept or reject a tender offer or request or invitation for tenders subject to section 14(d) of the Act shall be made unless, at the time copies of the solicitation or recommendation are first published or sent or given to holders of the security, the person making such solicitation or recommendation has filed with the Board a statement containing the information specified by Form F-12: *Provided, however,* That this paragraph shall not apply to (i) a person required by § 206.5(l) to file a statement, or (ii) a person, other than the bank or the management of the bank, who makes no written solicitations or recommendations other than solicitations or recommendations copies of which have otherwise been filed with the Board: *And, provided further,* That any person making a solicitation or recom-

mendation to the holders of a security to accept or reject a tender offer or request or invitation for tenders which solicitation or recommendation commenced prior to August 6, 1968 shall, if such solicitation or recommendation continues after such date, file the statement required by this paragraph on or before August 15, 1968.

(2) If any material change occurs in the facts set forth in the statement required by subparagraph (1), the person who filed such statement shall promptly file with the Board an amendment disclosing such change.

(3) Any written solicitation or recommendation to the holders of a security to accept or reject a tender offer or request or invitation for tenders subject to section 14(d) of the Act shall include the name of the person making such solicitation or recommendation and the information required by Items 1(b) and 2(b) of Form F-12, or a fair and adequate summary thereof: *Provided, however,* That such written solicitation or recommendation may omit any of such information previously furnished to the persons to whom the solicitation or recommendation is made.

(n) **Change in majority of directors.** If, pursuant to any arrangement or understanding with the person or persons acquiring securities in a transaction subject to section 13(d) or 14(d) of the Act, any persons are to be elected or designated as directors of the bank, otherwise than at a meeting of security holders, and the persons so elected or designated will constitute a majority of the directors of the bank, then, not less than 10 days prior to the date any such person takes office as a director, or such shorter period prior to that date as the Board may authorize upon a showing of good cause therefor, the bank shall file with the Board and transmit to all holders of record of securities of the bank who would be entitled to vote at a meeting for election of directors, information substantially equivalent to the information which would be required by Items 5(a), (d), (e) and (f), 6 and 7 of Form F-5 to be transmitted if such person or persons were nominees for election as directors at a meeting of such security holders.

(o) **Solicitation prior to furnishing required proxy statement.** (1) Notwithstanding the provisions of § 206.5(a), a solicitation (other than

one subject to § 206.5(i)) may be made prior to furnishing security holders a written proxy statement containing the information specified in Form F-5 with respect to such solicitation if—

(i) The solicitation is made in opposition to a prior solicitation or an invitation for tenders or other publicized activity, which if successful, could reasonably have the effect of defeating the action proposed to be taken at the meeting;

(ii) No form of proxy is furnished to security holders prior to the time the written proxy statement required by § 206.5(a) is furnished to security holders: *Provided, however,* That this subparagraph (ii) shall not apply where a proxy statement then meeting the requirements of Form F-5 has been furnished to security holders by or on behalf of the person making the solicitation;

(iii) The identity of the person or persons by or on whose behalf the solicitation is made and a description of their interests, direct or indirect, by security holdings or otherwise, are set forth in each communication sent or given to security holders in connection with the solicitation; and

(iv) A written proxy statement meeting the requirements of this section is sent or given to security holders at the earliest practicable date.

(2) Three copies of any soliciting material proposed to be sent or given to security holders prior to the furnishing of the written proxy statement required by § 206.5(a) shall be filed with the Board in preliminary form at least 5 business days prior to the date definitive copies of such material are first sent or given to security holders, or such shorter period as may be authorized.

SECTION 206.6—"INSIDERS' "
SECURITIES TRANSACTIONS AND
REPORTS UNDER SECTION 16
OF THE ACT

(a) **Filing of statements by directors, officers, and principal stockholders.** (1) Initial statements of beneficial ownership of equity securities of a bank required by section 16(a) of the Act, and statements of changes in such beneficial ownership, shall be prepared and filed in accordance with the requirements of Form F-7 and Form F-8, respectively.

(2) A person who is already filing statements with the Board pursuant to section 16(a) need not file an additional statement on Form F-7 when an additional class of equity securities of the same bank becomes registered or when he assumes another or an additional relationship to the bank; for example, when an officer becomes a director.

(3) Any bank that has equity securities listed on more than one national securities exchange may designate one of them as the only exchange with which reports pursuant to section 16(a) need be filed. Such designation shall be filed with the Board and with each national securities exchange on which any equity security of the bank is listed. After the filing of such designation the securities of such bank shall be exempted with respect to the filing of statements pursuant to section 16(a) with any exchange other than the designated exchange.

(b) **Ownership of more than 10 per cent of an equity security.** In determining, for the purpose of section 16(a), whether a person is the beneficial owner, directly or indirectly, of more than 10 per cent of any class of equity security of a bank, such class shall be deemed to consist of the total amount of such class that has been issued, regardless of whether any part of such amount is held by or for the account of the bank.

(c) **Disclaimer of beneficial ownership.** Any person filing a statement may expressly declare therein that the filing of such statement shall not be construed as an admission that such person is, for the purpose of section 16, the beneficial owner of any equity securities covered by the statement.

(d) **Ownership of securities held in trust.** (1) Beneficial ownership of a bank's securities for the purpose of section 16(a) shall include:

(i) the ownership of such securities as a trustee where either the trustee or members of his immediate family have a vested interest in the income or corpus of the trust,

(ii) the ownership of a vested beneficial interest in a trust, and

(iii) the ownership of such securities as a settlor of a trust in which the settlor has the power to revoke the trust without obtaining the consent of all beneficiaries.

(2) Except as provided in subparagraph (3) of this paragraph (d), beneficial ownership of securities of registrant banks solely as a settlor or beneficiary of a trust shall be exempt from the provisions of section 16(a) where less than 20 per cent in market value of the securities having a readily ascertainable market value held by such trust (determined as of the end of the preceding fiscal year of the trust) consists of equity securities with respect to which reports are required by section 16(a) or would be required but for an exemption by the Securities and Exchange Commission, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation similar to the exemption provided for by this sentence. Exemption from section 16(a) is likewise accorded with respect to any obligation that would otherwise be imposed solely by reason of ownership as settlor or beneficiary of a bank's securities held in trust, where the ownership, acquisition, or disposition of such securities by the trust is made without prior approval by the settlor or beneficiary. No exemption pursuant to this subparagraph shall, however, be acquired or lost solely as a result of changes in the value of the trust assets during any fiscal year or during any time when there is no transaction by the trust in the securities otherwise subject to the reporting requirements of section 16(a).

(3) In the event that 10 per cent of any class of any equity security of a bank is held in a trust, that trust and the trustees thereof as such shall be deemed a person required to file the reports specified in section 16(a).

(4) Not more than one report need be filed to report any holdings of a bank's securities or with respect to any transaction in such securities held by a trust, regardless of the number of officers, directors, or 10-per cent stockholders who are either trustees, settlors, or beneficiaries of a trust if the report filed discloses the names of all trustees, settlors, and beneficiaries who are officers, directors, or 10-per cent stockholders. A person having an interest only as a beneficiary of a trust shall not be required to file any such report so long as he relies in good faith upon an understanding that the trustee of such trust will file

whatever reports might otherwise be required of such beneficiary.

(5) In determining, for the purposes of paragraph (a) of this § 206.6, whether a person is the beneficial owner, directly or indirectly, of more than 10 per cent of any class of equity security of a bank, the interest of such person in the remainder of a trust shall be excluded.

(6) No report shall be required by any person, whether or not otherwise subject to the requirement of filing reports under section 16(a), with respect to his indirect interest in portfolio securities held by

(i) any holding company registered under the Public Utility Holding Company Act,

(ii) any investment company registered under the Investment Company Act,

(iii) a pension or retirement plan holding securities of a bank whose employees generally are the beneficiaries of the plan,

(iv) a business trust with over 25 beneficiaries.

(e) **Certain transactions subject to section 16(a).** The acquisition or disposition of any transferable option, put, call, spread, or straddle shall be deemed such a change in the beneficial ownership of the bank's security to which such privilege relates as to require the filing of a statement reflecting the acquisition or disposition of such privilege. Nothing in this paragraph (e), however, shall exempt any person from filing the statements required upon the exercise of such option, put, call, spread, or straddle.

(f) **Exemption from section 16 of securities purchased or sold by odd-lot dealers.** A bank's securities purchased or sold by an odd-lot dealer (1) in odd lots so far as reasonably necessary to carry on odd-lot transactions, or (2) in round lots to offset odd-lot transactions previously or simultaneously executed or reasonably anticipated in the usual course of business, shall be exempt from the provisions of section 16 with respect to participation by such odd-lot dealer in such transactions.

(g) **Exemption of small transactions from section 16(a).** (1) Any acquisition of a bank's securities shall be exempt from section 16(a) where

(i) the person effecting the acquisition does

not within six months thereafter effect any disposition, otherwise than by way of gift, of securities of the same class, and

(ii) the person effecting such acquisition does not participate in acquisitions or in dispositions of securities of the same class having a total market value in excess of \$3,000 for any six-month period during which the acquisition occurs.

(2) Any acquisition or disposition of a bank's securities by way of gift, where the total amount of such gifts does not exceed \$3,000 in market value for any six-month period, shall be exempt from section 16(a) and may be excluded from the computations prescribed in subparagraph (1) (ii) of this paragraph (g).

(3) Any person exempted by subparagraph (1) or (2) of this paragraph (g) shall include in the first report filed by him after a transaction within the exemption a statement showing his acquisitions and dispositions for each six-month period or portion thereof that has elapsed since his last filing.

(h) **Temporary exemption of certain persons from sections 16(a) and (b).** During the period of 12 months following their appointment and qualification, a bank's securities held by the following persons shall be exempt from sections 16(a) and 16(b):

(1) executors or administrators of the estate of a decedent;

(2) guardians or committees for an incompetent; and

(3) receivers, trustees in bankruptcy, assignees for the benefit of creditors, conservators, liquidating agents, and similar persons duly authorized by law to administer the estate or assets of other persons.

After the 12-month period following their appointment and qualification the foregoing persons shall be required to file reports under section 16(a) with respect to a bank's securities held by the estates that they administer and shall be liable for profits realized from trading in such securities pursuant to section 16(b) only when the estate being administered is a beneficial owner of more than 10 per cent of any class of equity security of a bank.

(i) **Exemption from section 16(b) of transac-**

tions that need not be reported under section 16(a). Any transaction that has been or shall be exempted by the Board from the requirements of section 16(a) shall, insofar as it is otherwise subject to the provisions of section 16(b), be likewise exempted from section 16(b).

(j) **Exemption from section 16(b) of certain transactions by registered investment companies.** Any transaction of purchase and sale, or sale and purchase, of any equity security of a bank shall be exempt from the operation of section 16(b), as not comprehended within the purpose of that section, if the transaction is effected by an investment company registered under the Investment Company Act of 1940 and both the purchase and sale of such security have been exempted from the provisions of section 17(a) of the Investment Company Act of 1940 by an order of the Securities and Exchange Commission entered pursuant to section 17(b) of that Act.

(k) **Exemption from section 16(b) of certain transactions effected in connection with a distribution.** (1) Any transaction of purchase and sale, or sale and purchase, of an equity security of a bank that is effected in connection with the distribution of a substantial block of such securities shall be exempt from the provisions of section 16(b), to the extent specified in this paragraph (k), as not comprehended within the purpose of said section, upon the following conditions:

(i) The person effecting the transaction is engaged in the business of distributing securities and is participating in good faith, in the ordinary course of such business, in the distribution of such block of securities;

(ii) The security involved in the transaction is (a) a part of such block of securities and is acquired by the person effecting the transaction, with a view to the distribution thereof, from the bank or other person on whose behalf such securities are being distributed or from a person who is participating in good faith in the distribution of such block of securities, or (b) a security purchased in good faith by or for the account of the person effecting the transaction for the purpose of stabilizing the market price of securities of the class being distributed or to cover an over-allotment or other short position created in connection with such distribution; and

(iii) Other persons not within the purview of section 16(b) are participating in the distribution of such block of securities on terms at least as favorable as those on which such person is participating and to an extent at least equal to the aggregate participation of all persons exempted from the provisions of section 16(b) by this paragraph (k). However, the performance of the functions of manager of a distributing group and the receipt of a *bona fide* payment for performing such functions shall not preclude an exemption that would otherwise be available under this paragraph.

(2) The exemption of a transaction pursuant to this paragraph (k) with respect to the participation therein of one party thereto shall not render such transaction exempt with respect to participation of any other party therein unless such other party also meets the conditions of this paragraph.

(l) Exemption from section 16(b) of acquisitions of shares of stock and stock options under certain stock bonus, stock option, or similar plans. Any acquisition of shares of a bank's stock (other than stock acquired upon the exercise of an option, warrant, or right) pursuant to a stock bonus, profit sharing, retirement, incentive, thrift, savings, or similar plan, or any acquisition of a qualified or restricted stock option pursuant to a qualified or restricted stock option plan, or of a stock option pursuant to an employee stock purchase plan, by a director or officer of the bank issuing such stock or stock option shall be exempt from the operation of section 16(b) if the plan meets the following conditions:

(1) The plan has been duly approved, directly or indirectly,

(i) by the holders of a majority of the securities of the bank present, or represented, and entitled to vote at the meeting at which it was approved, or by the written consent of the holders of a majority of the securities of the bank entitled to vote, or

(ii) by the holders of a majority of the securities of a predecessor so entitled to vote, if the plan or obligations to participate thereunder were assumed by the bank in connection with the succession.

(2) If the selection of any director or officer of

the bank to whom stock may be allocated (or to whom qualified, restricted, or employee stock purchase plan stock options may be granted pursuant to the plan) or the determination of the number or maximum number of shares of stock that may be allocated to any such director or officer (or that may be covered by qualified, restricted, or employee stock purchase plan stock options granted to any such director or officer) is subject to the discretion of any person, then such discretion shall be exercised only as follows:

(i) With respect to the participation of directors (a) by the board of directors of the bank, a majority of which board and a majority of the directors acting in the matter are disinterested persons; (b) by, or only in accordance with the recommendation of, a committee of three or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons; or (c) otherwise in accordance with the plan, if the plan specifies the number or maximum number of shares of stock that directors may acquire (or that may be subject to qualified, restricted, or employee stock purchase plan stock options granted to directors) and the terms upon which and the times at which, or the periods within which, such stock may be acquired (or such options may be acquired and exercised); or sets forth, by formula or otherwise, effective and determinable limitations with respect to the foregoing based upon earnings of the bank, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time to time, or similar factors.

(ii) With respect to the participation of officers who are not directors (a) by the board of directors of the bank or a committee of three or more directors; or (b) by, or only in accordance with the recommendations of, a committee of three or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons.

For the purposes of this subparagraph (2), a director or committee member shall be deemed to be a disinterested person only if such person is not at the time such discretion is exercised eligible and has not at any time within one year prior thereto been eligible for selection as a

person to whom stock may be allocated (or to whom qualified, restricted, or employee stock purchase plan stock options may be granted) pursuant to the plan or any other plan of the bank or any of its affiliates entitling the participants therein to acquire stock or qualified, restricted, or employee stock purchase plan stock options of the bank or any of its affiliates.

(3) As to each participant or as to all participants the plan effectively limits the aggregate dollar amount or the aggregate number of shares of stock that may be allocated (or may be subject to qualified, restricted, or employee stock purchase plan stock options granted) pursuant to the plan. The limitations may be established on an annual basis, or for the duration of the plan, whether or not the plan has a fixed termination date. Such limitations may be determined either by fixed or maximum dollar amounts, fixed or maximum numbers of shares, formulas based upon earnings of the bank, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time to time, or similar factors that will result in an effective and determinable limitation. Such limitations may be subject to any provisions for adjustment of the plan or of stock allocable (or options outstanding thereunder) to prevent dilution or enlargement of rights.

(m) Exemption from section 16(b) of long-term profits incident to sales within six months of the exercise of an option. (1) To the extent specified in subparagraph (2) below, transactions involving the purchase and sale, or sale and purchase, of any equity security of a bank shall be exempt from the operation of section 16(b), as not comprehended within the purpose of that section, if such purchase is pursuant to the exercise of an option, warrant, or right either

(i) acquired more than six months before its exercise, or

(ii) acquired pursuant to the terms of an employment contract entered into more than six months before its exercise.

(2) With respect to transactions specified in subparagraph (1) above, the profits inuring to the bank pursuant to section 16(b) shall not exceed the difference between the proceeds of sale

and the lowest market price of any security of the same class within six months before or after the date of sale. Nothing in this paragraph (m) shall be deemed to enlarge the amount of profit that would inure to the bank in the absence of this paragraph.

(3) The disposition of any equity security of a bank shall also be exempt from the operation of section 16(b), as not comprehended within the purpose of that section, if purchased in a transaction specified in subparagraph (1) above pursuant to a plan or agreement for merger or consolidation, or reclassification of the bank's securities, or for the exchange of its securities for the securities of another person that has acquired its assets, where the terms of such plan or agreement are binding upon all stockholders of the bank except to the extent that dissenting stockholders may be entitled, under statutory provisions or provisions contained in the bank's charter, to receive the appraised or fair value of their holdings.

(4) The exemptions provided by this paragraph (m) shall not apply to any transaction made unlawful by section 16(c) or by any regulations thereunder.

(5) The burden of establishing market price of a security for the purpose of this paragraph (m) shall rest upon the person claiming the exemption.

(n) Exemption of certain securities from section 16(c). Any equity security of a bank shall be exempt from the operation of section 16(c) to the extent necessary to render lawful under such section the execution by a broker of an order for an account in which he had no direct or indirect interest.

(o) Exemption from section 16(c) of certain transactions effected in connection with a distribution. Any equity security of a bank shall be exempt from the operation of section 16(c) to the extent necessary to render lawful under such section any sale made by or on behalf of a dealer in connection with a distribution of a substantial block of the bank's securities, upon the following conditions:

(1) The sale is made with respect to an over-allotment in which the dealer is participating as a member of an underwriting group, or the dealer

or a person acting on his behalf intends in good faith to offset such sale with a security to be acquired by or on behalf of the dealer as a participant in an underwriting, selling, or soliciting-dealer group of which the dealer is a member at the time of the sale, whether or not the security to be so acquired is subject to a prior offering to existing security holders or some other class of persons; and

(2) Other persons not within the purview of section 16(c) are participating in the distribution of such block of securities on terms at least as favorable as those on which such dealer is participating and to an extent at least equal to the aggregate participation of all persons exempted from the provisions of section 16(c) by this paragraph (o). The performance of the functions of manager of a distributing group and the receipt of a *bona fide* payment for performing such functions shall not, however, preclude an exemption that would otherwise be available under this paragraph.

(p) **Exemption of sales of securities to be acquired.** (1) Whenever any person is entitled, as an incident to his ownership of an issued equity security of a bank and without the payment of consideration, to receive another security of the bank "when issued" or "when distributed", the security to be acquired shall be exempt from the operation of section 16(c) if

(i) the sale is made subject to the same conditions as those attaching to the right of acquisition,

(ii) such person exercises reasonable diligence to deliver such security to the purchaser promptly after his right of acquisition matures, and

(iii) such person reports the sale on the appropriate form for reporting transactions by persons subject to section 16(a).

(2) This paragraph (p) shall not be construed as exempting transactions involving both a sale of a security "when issued" or "when distributed" and a sale of the security by virtue of which the seller expects to receive the "when-issued" or "when-distributed" security, if the two transactions combined result in a sale of more units than the aggregate of those owned by the seller plus

those to be received by him pursuant to his right of acquisition.

(q) **Arbitrage transactions under section 16.** It shall be unlawful for any director or officer of a bank to effect any foreign or domestic arbitrage transaction in any equity security of the bank unless he shall include such transaction in the statements required by section 16(a) of the Act and § 206.6(a) and shall account to such bank for the profits arising from such transaction, as provided in section 16(b). The provisions of section 16(c) shall not apply to such arbitrage transactions. The provisions of § 206.6(a) and of section 16 shall not apply to any *bona fide* foreign or domestic arbitrage transaction insofar as it is effected by any person other than such director or officer of the bank issuing such security.

SECTION 206.7—FORM AND CONTENT OF FINANCIAL STATEMENTS

(a) **Principles of financial reporting.** Financial statements filed with the Board pursuant to this Part shall be prepared in accordance with generally accepted accounting principles and practices applicable to banks. The Board may from time to time issue releases on accounting principles and practices to be used with respect to specific areas.

(b) **Verification.** (1) **General.**

(i) Every verification with respect to financial statements filed pursuant to this Part shall be dated, shall be signed manually, and shall identify without detailed enumeration the financial statements covered by the verification.

(ii) If the person or persons making a verification considers that he must take exceptions or express qualifications with respect thereto, each such exception or qualification shall be stated specifically and clearly and, to the extent practicable, shall indicate the effect of the matter on the financial statements to which it relates.

(2) **Opinions to be expressed by principal accounting officer and auditor.** Every verification by a bank's principal accounting officer and auditor shall state:

(i) The opinions of such persons with respect to the financial statements covered by the verification and the accounting principles and practices reflected therein; and

(ii) The opinions of such persons as to any material changes in accounting principles or practices or in the method of applying the accounting principles or practices, or adjustments of the accounts, required to be set forth by paragraph (c)(5) of this § 206.7.

(3) Certification by independent public accountants—

(i) Qualifications of independent public accountants.

(a) The Board will not recognize any person as an independent public accountant who is not registered or licensed to practice as a public accountant by a regulatory authority of a State and in good standing with such authority as such an accountant.

(b) The Board will not recognize as independent a public accountant who is not in fact independent. For example, an accountant will be considered not independent with respect to any person in which he has, or had during the period of report, any direct financial interest or material indirect financial interest; or with which he is, or was during such period connected as a promoter, underwriter, voting trustee, director, officer, or employee.

(c) In determining whether a public accountant is in fact, independent with respect to a particular person, the Board will give appropriate consideration to all relevant circumstances, including evidence bearing on all relationships between the accountant and that person or any affiliate thereof, and will not confine itself to the relationships existing in connection with the filing of reports with the Board.

(ii) Representations as to the audit. The independent public accountant's certificate—

(a) shall state whether the audit was made in accordance with generally accepted auditing standards; and

(b) shall designate any auditing procedures generally recognized as normal (or deemed necessary by the accountant under the circumstances of the particular case) that have been omitted, and the reasons for their omission, but no procedure that independent accountants ordinarily employ in the course of an audit made for the purpose of expressing the opinions required by clause (iii) below shall be omitted.

(iii) Opinions to be expressed. The independent public accountant's certificate shall state:

(a) The opinion of the accountant with respect to the financial statements covered by the certificate and the accounting principles and practices reflected therein;

(b) The opinion of the accountant as to any material changes in accounting principles or practices or in the method of applying the accounting principles or practices, or adjustments of the accounts, required to be set forth by paragraph (c)(5) of this § 206.7; and

(c) The nature of, and the opinion of the accountant as to, any material differences between the accounting principles and practices reflected in the financial statements and those reflected in the accounts after the entry of adjustments for the period under review.

(iv) Certification of financial statements by more than one independent public accountant. If, with respect to the certification of the financial statements of any bank, the principal independent public accountant relies on an examination made by another independent public accountant of certain of the accounts of such bank or its affiliates, the certificate of such other accountant shall be filed (and the provisions of this subparagraph shall be applicable thereto); however, the certificate of such other accountant need not be filed (a) if no reference is made directly or indirectly to such other accountant's examination in the principal accountant's certificate, or (b) if, having referred to such other accountant's examination, the principal accountant states in his certificate that he assumes responsibility for such other accountant's examination in the same manner as if it had been made by him.

(c) **Provisions of general application.** (1) **Requirements as to form.** Financial statements shall be prepared in accordance with the applicable requirements of Forms 9A, B, C, and D. All money amounts required to be shown in financial statements may be expressed in even dollars or thousands of dollars. If shown in even thousands, an indication to that effect shall be inserted immediately beneath the caption of the statement or schedule, or at the top of each money column. The individual amounts shown need not be adjusted to the nearest dollar or thousand if the

failure of the items to add to the totals shown is stated in a note as due to the dropping of amounts of less than \$1.00 or \$1,000, as appropriate.

(2) **Items not material.** If the amount that would otherwise be required to be shown with respect to any item is not material, it need not be separately set forth.

(3) **Inapplicable captions and omission of unrequired or inapplicable financial statements.** No caption need be shown in any financial statement required by the forms set forth in this Part as to which the items and conditions are not present. Financial statements not required or inapplicable because the required matter is not present need not be filed, but the statements omitted and the reasons for their omission shall be indicated in the list of financial statements required by the applicable form.

(4) **Additional information.** In addition to the information required with respect to any financial statement, such further information shall be furnished as is necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

(5) **Changes in accounting principles and practices and retroactive adjustments of accounts.** Any change in accounting principle or practice, or in the method of applying any accounting principle or practice, made during any period for which financial statements are filed that affects comparability of such financial statements with those of prior or future periods, and the effect thereof upon the net income for each period for which financial statements are filed, shall be disclosed in a note to the appropriate financial statement. Any material retroactive adjustment made during any period for which financial statements are filed, and the effect thereof upon net income of prior periods, shall be disclosed in a note to the appropriate financial statement.

(6) **Summary of accounting principles and practices.** Information required in notes as to accounting principles and practices reflected in the financial statements may be presented in the form of a single statement. In such a case specific references shall be made in the appropriate financial statements to the applicable portion of such single statement.

(7) **Foreign currencies.** The basis of conversion of all items in foreign currencies shall be stated, and the amount and disposition of the resulting unrealized profit or loss shown. Disclosure should be made as to the effect, insofar as this can be reasonably determined, of foreign exchange restrictions upon the consolidated financial position and operating results of the bank and its subsidiaries.

(8) **Commitments.** If material in amount, the pertinent facts relative to firm commitments for the acquisition, directly or indirectly, of fixed assets and for the purchase, repurchase, construction, or rental of assets under long-term leases shall be stated briefly in the balance sheet or in footnotes referred to therein. Where the rentals or obligations under long-term leases are material there shall be shown the amounts of annual rentals under such leases with some indication of the periods for which they are payable, together with any important obligation assumed or guarantee made in connection therewith. If the rentals are conditional, the minimum annual amounts shall be stated, unless inappropriate in the circumstances.

(9) **General notes to balance sheets.** If present with respect to the person for which the statement is filed, the following shall be set forth in the balance sheet or in referenced notes thereto:

(i) Assets subject to lien. The amounts of assets mortgaged, pledged, or otherwise subject to a lien or security interest shall be designated and the obligation secured thereby, if any, shall be identified briefly.

(ii) Intercompany profits and losses. The effect upon any balance sheet item of profits or losses resulting from transactions with affiliated companies not consolidated shall be stated. If impracticable of accurate determination without unreasonable effort or expense, an estimate or explanation shall be given.

(iii) Preferred shares. (a) If callable, the date or dates and the amount per share at which such shares are callable shall be stated; (b) Arrears in cumulative dividends per share and in total for each class of shares shall be stated; (c) Preferences on involuntary liquidation, if other than the par or stated value, shall be shown. When the excess involved is material, there shall be shown

the difference between the aggregate preference on involuntary liquidation and the aggregate par or stated value, a statement that this difference (plus any arrears in dividends) exceeds the sum of the par or stated value of the junior capital shares, surplus, and undivided profits if such is the case, and a statement as to the existence (or absence) of any restrictions upon surplus and/or undivided profits growing out of the fact that upon involuntary liquidation the preference of the preferred stock exceeds its par or stated value.

(iv) Pension and retirement plans. (a) A brief description of the essential provisions of any employee pension or retirement plan shall be given; (b) The estimated annual cost of the plan shall be stated; (c) If a plan has not been funded or otherwise provided for, the estimated amount that would be necessary to fund or otherwise provide for the past-service cost of the plan shall be disclosed.

(v) Capital stock optioned to officers and employees.

(a) A brief description of the terms of each option arrangement shall be given, including the title and amount of securities subject to the option, the year or years during which the options were granted, and the year or years during which the optionees became, or will become, entitled to exercise the options;

(b) There shall be stated the number of shares under option at the balance sheet date, and the option price and the fair value thereof (per share and in total) at the dates the options were granted; the number of shares with respect to which options became exercisable during the period, and the option price and the fair value thereof (per share and in total) at the dates the options became exercisable; and the number of shares with respect to which options were exercised during the period, and the option price and the fair value thereof (per share and in total) at the dates the options were exercised. The required information may be summarized as appropriate with respect to each of the categories referred to in this subclause (b);

(c) The basis of accounting for such option arrangements and the amount of charges, if

any, reflected in income with respect thereto shall be stated.

(vi) Restrictions that limit the availability of surplus and/or undivided profits for dividend purposes. Any such restriction, other than as reported in subparagraph (9)(iii) of this paragraph (c) shall be described, indicating briefly its source, its pertinent provisions, and, where appropriate and determinable, the amount of the surplus and/or undivided profits so restricted.

(vii) Contingent liabilities. A brief statement as to contingent liabilities not reflected in the balance sheet shall be made.

(10) **General notes to statements of income.** If present with respect to the person for which the statement is filed, the following shall be set forth in the statement of income or in referenced notes thereto:

(i) Intercompany profits and losses. The amount of any profits or losses resulting from transactions between unconsolidated affiliated companies shall be stated. If impracticable of determination without unreasonable effort and expense, an estimate or explanation shall be given.

(ii) Depreciation and amortization. For the period for which statements of income are filed, there shall be stated the policy followed with respect to: (a) The provision for depreciation of physical properties or valuation allowances created in lieu thereof, including the methods and, if practicable, the rates used in computing the annual amounts; (b) The provision for depreciation and amortization of intangibles, or valuation allowances created in lieu thereof, including the methods and, if practicable, the rates used in computing the annual amounts; (c) The accounting treatment for maintenance, repairs, renewals, and improvements; and (d) The adjustment of the accumulated valuation allowances for depreciation and amortization at the time the properties were retired or otherwise disposed of, including the disposition made of any profit or loss on sale of such properties.

(d) **Consolidated financial statements.** (1) Consolidated statements generally present more meaningful information to the investor than unconsolidated statements. Except where good reason exists, consolidated statements of the bank and

its majority-owned significant subsidiaries should be filed.

(2) Every majority-owned bank-premises subsidiary and every majority-owned subsidiary operating under the provisions of section 25 or section 25(a) of the Federal Reserve Act ("Agreement Corporations" and "Edge Act Corporations") shall be consolidated with that of the reporting bank irrespective of whether such subsidiary is a significant subsidiary.

(3) If the financial statements of a subsidiary are as of a date or for periods different from those of the bank, such statements may be used as the basis for consolidation of the subsidiary only if the date of such statements is not more than 93 days from the date of the close of the bank's fiscal year; the closing date of the subsidiary is specified; the necessity for the use of different closing dates is explained briefly; and any changes in the respective fiscal periods of the bank and the subsidiary made during the period of report are indicated clearly.

(4) There shall be set forth in a note to each consolidated balance sheet filed a statement of any difference between the investment in subsidiaries consolidated, as shown by the bank's books, and the bank's equity in the net assets of such subsidiaries as shown by the subsidiaries' books. If any such difference exists, there shall be set forth the amount of the difference and the disposition made thereof in preparing the consolidated statements, naming the balance sheet captions and stating the amount included in each.

(5) Minority interests in the net assets of subsidiaries consolidated shall be shown in each consolidated balance sheet. The aggregate amount of profit or loss accruing to minority interests shall be stated separately in each consolidated statement of income.

(6) In general, intercompany items and transactions shall be eliminated. If not eliminated, a statement of the reasons for inclusion and the methods of treatment shall be made.

(e) **Statement of changes in capital accounts.** A statement of changes in capital accounts shall be filed with each statement of income filed pursuant to this Part.

(f) **Schedules to be filed.** (1) The following schedules shall be filed with each balance sheet filed pursuant to this Part: Schedule I—U.S. Treasury Securities, Securities of other U. S. Government Agencies and Corporations, and Obligations of States and Political Subdivisions; Schedule II—Other Securities; Schedule III—Other Loans; Schedule IV—Bank Premises and Equipment; Schedule V—Investments in, Dividend Income from, and Share in Earnings or Losses of Unconsolidated Subsidiaries; and Schedule VI—"Other" Liabilities for Borrowed Money.

(2) The following schedule shall be filed with each statement of income filed pursuant to this Part: Schedule VII—Allowance for Possible Loan Losses.

(3) Reference to the schedules referred to in subparagraphs (1) and (2) shall be made against the appropriate captions of the balance sheet or statement of income.

APPENDIX

SECURITIES EXCHANGE ACT OF 1934

Act of June 6, 1934 (48 Stat. 881)
(U.S. Code, Title 15, Sec. 78)

DEFINITIONS

SEC. 3. (a) When used in this title, unless the context otherwise requires—

(1) The term “**exchange**” means any organization, association, or group of persons, whether incorporated or unincorporated, which constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as that term is generally understood, and includes the market place and the market facilities maintained by such exchange.

* * *

(7) The term “**director**” means any director of a corporation or any person performing similar functions with respect to any organization, whether incorporated or unincorporated.

* * *

(9) The term “**person**” means an individual, a corporation, a partnership, an association, a joint-stock company, a business trust, or an unincorporated organization.

* * *

(10) The term “**security**” means any note, stock, treasury stock, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit, for a security, or in general, any instrument commonly known as a “security”; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or any note, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited.

* * *

(11) The term “**equity security**” means any stock or similar security; or any security convertible, with or without consideration, into such a security; or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the Commission shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as it may prescribe in the public interest or for the protection of investors, to treat as an equity security.

* * *

[U.S.C., title 15, sec. 78c.]

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
FORM F-2

ANNUAL REPORT

Pursuant to Section 13 of the Securities Exchange Act of 1934

For the fiscal year ended _____

(Exact name of bank as specified in charter)

(Address of principal office)

GENERAL INSTRUCTIONS

A. Preparation of report. This form is not to be used as a blank form to be filled in but only as a guide in the preparation of an annual report. The report shall contain the numbers and captions of all items required to be answered, but the text of such items may be omitted if the answers with respect thereto are prepared in the manner specified in section 206.4(s) of this Part. Particular attention should be given to the definitions in section 206.2 and the general requirements in section 206.4 of this Part. Except as otherwise stated, the information required shall be given as of the end of the bank's fiscal year, or as of the latest practicable date subsequent thereto.

B. Reports by banks filing proxy statements and statements where management does not solicit proxies. Items 4 through 6 shall not be restated or answered by any bank that, since the close of its fiscal year, has filed with the Board, with respect to an election of directors, a proxy statement or statement where management does not solicit proxies pursuant to section 206.5(a) of this Part. The incorporation of such Statement by reference in answer to such items is not required. Any financial statements contained in such Statement or in an annual report to security holders furnished to the Board pursuant to section 206.5(c) of this Part may be incorporated by reference if such financial statements substantially meet the requirements of this form.

C. Reports by banks not filing proxy statements or statements where management does not solicit proxies. Information contained in an annual report to security holders furnished to the Board pursuant to Instruction D below, by any bank not subject to Instruction B, may be incorporated by reference in answer or partial answer to any item of this form. In addition, any financial statements contained in any such annual report may be incorporated by reference if such financial statements substantially meet the requirements of this form.

D. Annual reports to stockholders. Every bank that files an annual report on this form shall furnish to the Board for its information eight copies of any annual report to security holders covering such registrant bank's latest fiscal year, unless copies thereof are furnished to the Board pursuant to section 206.5 of this Part. Such report shall be mailed to the Board not later than the date on which it is first sent or given to security holders, but shall not be deemed to be "filed" with the Board or otherwise subject to the liabilities of section 18 of the Act, except to the extent that the bank specifically requests that it be treated as a part of its annual report on this form or incorporates it herein by reference. If no annual report is submitted to security holders for the bank's latest fiscal year, the Board shall be so advised.

INFORMATION REQUIRED IN REPORT

Item 1. Securities registered. As to each class

of securities of the bank that is registered pursuant to section 12 of the Act, state the title of such class, the name of the exchange, if any, on which registered, and the number of holders of record of such class.

Item 2. Parents and subsidiaries of the bank.

Furnish a list or diagram showing the relationship of the bank to all parents and subsidiaries, and as to each person named indicate the percentage of voting securities owned, or other basis of control, by its immediate parent.

Instructions. 1. This item need not be answered if there has been no change in the list or diagram as last previously reported.

2. The list or diagram shall include the bank and shall be so prepared as to show clearly the relationship of each person named to the bank and to the other persons named. If any person is controlled by means of the direct ownership of its securities by two or more persons, so indicate by appropriate cross reference.

3. Designate by appropriate symbols (a) subsidiaries for which separate financial statements are filed; (b) subsidiaries included in the respective consolidated financial statements; and (c) other subsidiaries, indicating briefly why statements of such subsidiaries are not filed.

4. Indicate the name of the country in which each foreign subsidiary was organized.

5. The names of particular subsidiaries may be omitted if the unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

6. A person, approximately 50 per cent of whose voting securities are owned, directly or indirectly, by the bank, and approximately 50 per cent of whose voting securities are owned, directly or indirectly, by another person, shall be considered a subsidiary for the purpose of this item.

Item 3. Changes in business. Describe briefly any material changes during the fiscal year, not previously reported, in the business of the bank and its subsidiaries.

Item 4. Principal holders of voting securities. If, to the knowledge of the bank, any person individually, or together with his associates, owns of record or beneficially more than 10 per cent of the outstanding voting securities of the bank, name each such person, state the

approximate amount of such securities owned of record but not owned beneficially, the approximate amount owned beneficially and the percentage of outstanding voting securities represented by the amount so owned in each such manner.

Instruction. To the extent that the information required by this item is given in answer to Item 2, a reference to such item will suffice.

Item 5. Directors of bank. Furnish the following information, in tabular form to the extent practicable, with respect to each director of the bank:

(a) Name each such director, state the date on which his present term of office will expire and list all other positions and offices with the bank presently held by him.

(b) State his present principal occupation or employment and give the name and principal business of any corporation or other organization in which such employment is carried on. If not previously reported, furnish similar information as to all of his principal occupations or employments during the last five years.

(c) State, as of the most recent practicable date, the approximate amount of each class of equity securities of the bank, or any of its parents or subsidiaries, "beneficially owned" (as defined in section 206.2(ff)) directly or indirectly by him. If he is not the beneficial owner of any such securities, make a statement to that effect.

Item 6. Remuneration of director and officers and related matters. Set forth the same information as to remuneration of officers and directors and their transactions with management and others as is required to be furnished by Item 7 of Form F-5.

Item 7. Financial statements and exhibits. List below all financial statements and exhibits filed as a part of the annual report:

(a) Financial statements.

(b) Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the bank has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Name of bank)

Date _____ By _____
(Name and title of signing officer)

INSTRUCTIONS AS TO FINANCIAL STATEMENTS

These instructions specify the balance sheets and statements of income required to be filed as a part of annual reports on this form. Section 206.7 of this Part governs the verification, form, and content of the balance sheets and statements of income required, including the basis of consolidation, and prescribes the statement of changes in capital accounts and the schedules to be filed in support thereof.

1. Financial statements of the bank. (a) There shall be filed for the bank, in comparative columnar form, verified balance sheets as of the close of the last two fiscal years and verified statements of income for such fiscal years.

(b) Notwithstanding paragraph (a), the individual financial statements of the bank may be omitted if consolidated statements of the bank and one or more of its subsidiaries are filed.

2. Consolidated statements. There shall be filed for the bank and its majority-owned (i) bank premises subsidiaries, (ii) subsidiaries operating under the provisions of section 25 or section 25(a) of the Federal Reserve Act ("Agreement Corporations" and "Edge Act Corporations"), and (iii) significant subsidiaries, in comparative columnar form, verified

consolidated balance sheets as of the close of the last two fiscal years of the bank and verified consolidated statements of income for such fiscal years.

3. Separate statements of unconsolidated subsidiaries and other persons. There shall be filed such other verified financial statements with respect to unconsolidated subsidiaries and other persons as are material to a proper understanding of the financial position and results of operations of the total enterprise.

4. Filing of other statements in certain cases. The Board may, upon the request of the bank and where consistent with the protection of investors, permit the omission of one or more of the statements herein required or the filing in substitution therefor of appropriate statements of comparable character. The Board may also require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary or appropriate for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise necessary for the protection of investors.

INSTRUCTIONS AS TO EXHIBITS

Subject to provisions regarding incorporation by reference, the following exhibits shall be filed as part of the report:

1. Copies of all amendments or modifications, not previously filed, to all exhibits previously filed (or copies of such exhibits as amended or modified).

2. Copies of all documents of the character required to be filed as an exhibit to an original form for registration of securities of a bank which have been executed or otherwise put into effect during the fiscal year and not previously filed.

(Revised Dec. 31, 1969)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
FORM F-4
QUARTERLY REPORT
OF

(Name of bank)

(City and State)

Item	3 months ending _____		Fiscal year to date (____ months ending _____)	
	19____ (current year)	19____ (prior year)	19____ (current year)	19____ (prior year)
1. Operating income:				
(a) Interest and fees on loans				
(b) Interest and dividends on securities				
(c) Other operating income				
(d) Total operating income				
2. Operating expenses:				
(a) Salaries and other compensation				
(b) Interest expense				
(c) Other operating expenses				
(d) Total operating expenses				
3. Income before income taxes and securities gains (losses)				
4. Applicable income taxes				
5. Income before securities gains (losses)				
6. Net security gains (losses), less related tax effect				
7. Net income				

Pursuant to the requirements of the Securities Exchange Act of 1934, the bank has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date _____

(Name of bank)
By _____
(Name and title of signing officer)

(a) **Use of Form F-4.** Form F-4 is a guide for use in preparation of the quarterly report to be filed with the Board.

(b) **Persons for whom the information is to be given.** The required information is to be given as to the registrant bank or, if the bank files consolidated financial statements with the annual reports filed with the Board, it shall cover the bank and its consolidated subsidiaries. If the information is given as to the bank and its consolidated subsidiaries, it need not be given separately for the bank.

(c) **Presentation of information.** The form calls only for the items of information specified. It is not necessary to furnish a formal statement of income. The information is not required to be verified (see section 206.7(b) of this Part). The report may carry a notation to that effect and any other qualification con-

sidered necessary or appropriate. Amounts may be stated in thousands of dollars if a notation to that effect is made.

(d) **Incorporation by reference to published statements.** If the bank makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a financial statement containing the information required by this form, such information may be incorporated by reference to such published statement if copies thereof are filed as an exhibit to this report.

(e) **Extraordinary items.** If present with respect to any interim period reported herein, extraordinary items less applicable income tax effect shall be appropriately segregated and included in the determination of net income. (See Form F-9B, Statement of Income.)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
FORM F-5

**PROXY STATEMENT; STATEMENT WHERE MANAGEMENT DOES
NOT SOLICIT PROXIES**

GENERAL INSTRUCTIONS

Each Statement required under section 206.5(a) of this Part shall, to the extent applicable, include the information called for under each of the items below. In the preparation of the Statement, particular attention should be given to the definitions in section 206.2 of this Part.

This form is not to be used as a blank form to be filled in nor is it intended to prescribe a form for presentation of material in the Statement. Its purpose is solely to prescribe the information required to be set forth in the Statement; any additional information that management or the soliciting persons deem appropriate may be included.

**INFORMATION REQUIRED IN
STATEMENT**

Item 1. Revocability of proxy. State whether the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised is limited or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

Item 2. Dissenters' rights of appraisal. Outline briefly the rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by dissenting security holders in order to perfect such rights. Where such rights may be exercised only within a limited time after the date of the adoption of a proposal, the filing of a charter amendment or other similar act, state whether the person solicited will be notified of such date.

Instruction. Indicate whether a security holder's failure to vote against a proposal will constitute a

waiver of his appraisal or similar rights and whether a vote against a proposal will be deemed to satisfy any notice requirements under State law with respect to appraisal rights. If the State law is unclear, state what position will be taken in regard to those matters.

Item 3. Persons making the solicitation. (a) Solicitations not subject to section 206.5(i).

(1) If the solicitation is made by the management of the bank, so state. Give the name of any director of the bank who has informed the management in writing that he intends to oppose any action intended to be taken by the management and indicate the action which he intends to oppose.

(2) If the solicitation is made otherwise than by the management of the bank, so state and give the names of the persons by whom and the persons on whose behalf it is made.

(3) If the solicitation is to be made otherwise than by the use of the mails, describe the methods to be employed. If the solicitation is to be made by specially engaged employees or paid solicitors, state (i) the material features of any contract or arrangement for such solicitation and identify the parties, and (ii) the cost or anticipated cost thereof.

(4) State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

(b) Solicitations subject to section 206.5(i).

(1) State by whom the solicitation is made and describe the methods employed and to be employed.

(2) If regular employees of the bank or any other participants in a solicitation have been or are to be employed to solicit security holders, describe the class or classes of employees to be so employed, and the manner and nature of their employment for such purpose.

(3) If specially engaged employees, representatives, or other persons have been or are to be employed to solicit security holders, state (i) the material features of any contract or arrangement for such solicitation and identify the parties, (ii) the cost or anticipated cost thereof, and (iii) the approximate number of such employees or employees of any other person (naming such other person) who will solicit security holders.

(4) State the total amount estimated to be spent and the total expenditures to date for, in furtherance of, or in connection with, the solicitation of security holders.

(5) State by whom the cost of the solicitation will be borne. If such cost is to be borne initially by any person other than the bank, state whether reimbursement will be sought from the bank, and, if so, whether the question of such reimbursement will be submitted to a vote of security holders.

Instruction. With respect to solicitations subject to section 206.5(i), costs and expenditures within the meaning of this Item 3 shall include fees for attorneys, accountants, public relations or financial advisers, solicitors, advertising, printing, transportation, litigation, and other costs incidental to the solicitation, except that the bank may exclude the amounts of such costs represented by the amount normally expended for a solicitation for an election of directors in the absence of a contest, and costs represented by salaries and wages of regular employees and officers, provided a statement to that effect is included in the proxy statement.

Item 4. Interest of certain persons in matters to be acted upon. (a) Solicitations not subject to section 206.5(i). Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than elections to office:

(1) If the solicitation is made on behalf of management, each person who has been a director or officer of the bank at any time since the beginning of the last fiscal year.

(2) If the solicitation is made otherwise than on behalf of management, each person on whose behalf the solicitation is made. Any per-

son who would be a participant in a solicitation for purposes of section 206.5(i), as defined in subparagraph 2(i) (c), (d), (e), and (f) thereof, shall be deemed a person on whose behalf the solicitation is made for purposes of this paragraph (a).

(3) Each nominee for election as a director of the bank.

(4) Each associate of the foregoing persons.

Instruction. Except in the case of a solicitation subject to section 206.5 of this Part made in opposition to another solicitation subject to section 206.5 of this Part, this sub-item (a) shall not apply to any interest arising from the ownership of securities of the bank where the security holder receives no extra or special benefit not shared on a pro rata basis by all other holders of the same class.

(b) Solicitations subject to section 206.5(i).

(1) Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each participant, as defined in section 206.5(i)(2)(i), (b), (c), (d), and (e), in any matter to be acted upon at the meeting, and include with respect to each participant the information, or a fair and adequate summary thereof, required by Items 2(a), 2(d), 3, 4(b), and 4(c) of Form F-6.

(2) With respect to any person named in answer to Item 6(b), describe any substantial interest, direct or indirect, by security holdings or otherwise, that he has in any matter to be acted upon at the meeting, and furnish the information called for by Item 4(b) and (c) of Form F-6.

Item 5. Voting securities and principal holders thereof. (a) State, as to each class of voting securities of the bank entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.

(b) Give the date as of which the record of security holders entitled to vote at the meeting will be determined. If the right to vote is not limited to security holders of record on that date, indicate the conditions under which other security holders may be entitled to vote.

(c) If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights, make a statement that they have such rights and state briefly the conditions precedent to the exercise thereof.

(d) If to the knowledge of the persons on whose behalf the solicitation is made, any person, individually, or together with his associates, owns of record or beneficially more than 10 per cent of the outstanding voting securities of the bank, name such person or persons, state the approximate amount of such securities owned of record but not owned beneficially, and the approximate amount owned beneficially, and the percentage of outstanding voting securities represented by the amount of securities so owned in each such manner.

(e) If to the knowledge of the persons on whose behalf the solicitation is made, a change in control of the bank has occurred since the beginning of its last fiscal year, state the name of the person or persons who acquired such control, the basis of such control, the date and a description of the transaction or transactions in which control was acquired and the percentage of voting securities of the bank now owned by such person or persons.

(f) Describe any contractual arrangements, including any pledge of securities of the bank or any of its parents, known to the persons on whose behalf the solicitation is made, the operation of the terms of which may at a subsequent date result in a change in control of the bank.

Instruction. Paragraph (f) does not require a description of ordinary default provisions contained in the charter, trust indentures or other governing instruments relating to securities of the bank.

Item 6. Nominees and directors. (a) If action is to be taken with respect to the election of directors, furnish the following information, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each other person whose term of office as a director will continue after the meeting:

(1) Name each such person, state when his term of office or the term of office for which he is a nominee will expire, and all other positions and offices with the bank presently held by him, and indicate which persons are nominees for election as directors at that meeting.

(2) State his present principal occupation or employment and give the name and principal business of any corporation or other organization in which such employment is carried on. Furnish similar information as to all of his principal occupations or employments during the last five years, unless he is now a director and was elected to his present term of office by a vote of security holders at a meeting with respect to which a proxy statement or statement where management does not solicit proxies was submitted to security holders pursuant to section 206.5(a) of this Part.

(3) If he is or has previously been a director of the bank state the period or periods during which he has served as such.

(4) State, as of the most recent practicable date, the approximate amount of each class of equity securities of the bank, or any of its parents or subsidiaries, "beneficially owned" (as defined in section 206.2(ff)) directly or indirectly by him. If he disclaims beneficial ownership of any such securities, make a statement to that effect.

(b) If any nominee for election as a director is proposed to be elected pursuant to any arrangement or understanding between the nominee and any other person or persons, except the directors and officers of the bank acting solely in that capacity, name such other person or persons and describe briefly such arrangement or understanding.

(c) If fewer nominees are named than the number fixed by or pursuant to the governing instruments, state (1) the reasons for this procedure, and (2) that the proxies cannot be voted for a greater number of persons than the number of nominees named.

Item 7. Remuneration and other transactions with management and others. Furnish the information called for by this item if action is to be taken with respect to (i) the election of directors, (ii) any bonus, profit sharing or other remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the bank will participate, (iii) any pension or retirement plan in which any such person will participate, or (iv) the granting or extension to any such person of any options, warrants, or rights to purchase any securities, other than warrants or rights issued to security holders, as such, on a pro rata basis. However, if the solicitation is made on behalf of persons other than the management, the information required need be furnished only as to nominees for election as directors and as to their associates.

(a) Furnish the following information in substantially the tabular form indicated below as to all direct remuneration paid by the bank and its subsidiaries during the bank's latest fiscal year to the following persons for services in all capacities:

(1) Each director of the bank whose aggregate direct remuneration exceeded \$30,000, and each of the two highest paid officers of the bank whose aggregate direct remuneration exceeded that amount, naming each such director and officer.

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

(A) Name of individual or number of persons in group	(B) Capacities in which remuneration was received	(C) Aggregate direct remuneration

Instructions. 1. This item applies to any person who was a director or officer of the bank at any time dur-

ing the period specified. However, information need not be given for any portion of the period during which such person was not a director or officer.

2. The information is to be given on an accrual basis, if practicable. The tables required by this paragraph and paragraph (b) may be combined if the bank so desires.

3. Do not include remuneration paid to a partnership in which any director or officer was a partner. But see paragraph (f) below.

(b) Furnish the following information, in substantially the tabular form indicated, as to all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, by the bank or any of its subsidiaries to each director or officer named in answer to paragraph (a)(1):

(A) Name of individual	(B) Amount set aside or accrued during bank's last fiscal year	(C) Estimated annual benefits upon retirement

Instructions. 1. Column (B) need not be answered with respect to payments computed on an actuarial basis under any plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

2. The information called for by Column (C) may be given in a table showing the annual benefits payable upon retirement to persons in specified salary classifications.

3. In the case of any plan (other than those specified in Instruction 1) where the amount set aside each year depends upon the amount of earnings of the bank or its subsidiaries for such year or a prior year (or where otherwise impracticable to state the estimated annual benefits upon retirement) there shall be set forth, in lieu of the information called for by Column (C), the aggregate amount set aside or accrued to date, unless impracticable to do so, in which case the method of computing such benefits shall be stated. In addition, furnish a brief description of the material terms of the plan, including the method used in computing the bank's contribution, and the amount set aside or accrued during the bank's last fiscal year for all officers and directors as a group, indicating the number of persons in such group without naming them.

(c) Describe briefly all remuneration payments (other than payments reported under paragraph (a) or (b) of this item) proposed to be made in the future, directly or indirectly, by the bank or any of its subsidiaries pursuant to any existing plan or arrangement to (i) each director or officer named in answer to paragraph (a)(1), naming each such person, and (ii) all directors and officers of the bank as a group, without naming them.

Instruction. Information need not be included as to payments to be made for, or benefits to be received from, group life or accident insurance, group hospitalization, or similar group payments or benefits. If it is impracticable to state the amount of remuneration payments proposed to be made, the aggregate amount set aside or accrued to date in respect of such payments shall be stated, together with an explanation of the basis for future payments.

(d) Furnish the following information as to all options to purchase securities, from the bank or any of its subsidiaries, which were granted to or exercised by the following persons since the beginning of the bank's last fiscal year and as to all options held by such persons as of the latest practicable date: (i) each director or officer named in answer to paragraph (a)(1), naming each such person; and (ii) all directors and officers of the bank as a group, without naming them:

(1) As to options granted, state (i) the title and amount of securities called for; (ii) the prices, expiration dates, and other material provisions; and (iii) the market value of the securities called for on the granting date.

(2) As to options exercised, state (i) the title and amount of securities purchased; (ii) the aggregate purchase price; and (iii) the aggregate market value of the securities purchased on the date of purchase.

(3) As to all unexercised options held as of the latest practicable date, regardless of when such options were granted, state (i) the title and aggregate amount of securities called for; (ii) the range of option prices; and (iii) the per share market prices of the securities subject to option, as of the latest practicable date.

Instructions. 1. The extension, regranting, or material amendment of options shall be deemed the granting of options within the meaning of this paragraph.

2. This item need not be answered with respect to options granted, exercised, or outstanding, as may be specified therein, where the total market value (i) on the granting date of the securities called for by all options granted during the period specified, (ii) on the dates of purchase of all securities purchased through the exercise of options during the period specified, or (iii) as of the latest practicable date of the securities called for by all options held at such time, does not exceed \$10,000 for any officer or director named in answer to paragraph (a) (1), or \$30,000 for all officers and directors as a group.

3. The information for all directors and officers as a group regarding market value of the securities on the granting date of the options and on the purchase date may be given in the form of price ranges for each calendar quarter during which options were granted or exercised.

(e) If to the knowledge of management any indebtedness to the bank has arisen since the beginning of the bank's last fiscal year under section 16(b) of the Securities Exchange Act of 1934, as a result of transactions in the bank's stock (or other equity securities) by any director, officer, or security holder named in answer to Item 5(d), which indebtedness has not been discharged by payment, state the amount of any profit realized and whether suit will be brought or other steps taken to recover such profit. If, in the opinion of counsel, a question reasonably exists as to the recoverability of such profit, only facts necessary to describe the transactions, including the prices and number of shares involved, need be stated.

(f) Describe briefly, and where practicable state the approximate amount of, any material interest, direct or indirect, of any of the following persons in any material transactions since the beginning of the bank's last fiscal year, or in any material proposed transactions, to which the bank or any of its subsidiaries was or is to be a party:

(1) Any director or officer of the bank;

(2) Any nominee for election as a director;

(3) Any security holder named in answer to Item 5(d); or

(4) Any associate of any of the foregoing persons.

Instructions. 1. See Instruction 1 to paragraph (a). Include the name of each person whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described. Where it is not practicable to state the approximate amount of the interest, the approximate amount involved in the transaction shall be indicated.

2. As to any transaction involving the purchase or sale of assets by or to the bank or any subsidiary, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.

3. The instruction to Item 4 shall apply to this item.

4. No information need be given under this paragraph as to any remuneration or other transaction reported in response to (a), (b), (c), (d), or (e) of this item.

5. No information need be given under this paragraph as to any transaction or any interest therein where:

(i) The rates of charges involved in the transaction are fixed by law or determined by competitive bids;

(ii) The interest of the specified person in the transaction is solely that of a director of another corporation which is a party to the transaction;

(iii) The specified person is subject to this Item 7(f) solely as a director of the bank (or associate of a director) and his interest in the transaction is solely that of a director, officer of, and/or owner of less than a 10 per cent interest in, another person that is a party to the transaction.

(iv) The transaction consists of extensions of credit by the bank in the ordinary course of its business that (A) are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other than specified persons, (B) at no time exceed 10 per cent of the equity capital accounts of the bank, or \$10 million, whichever is less, and (C) do not involve more than the normal risk of collectibility or present other unfavorable features. Notwithstanding the foregoing, if aggregate extensions of credit to the specified persons, as a group, exceeded 20 per cent of the equity capital accounts of the bank at any time during the preceding year, (1) the aggregate amount of such extensions of credit shall be disclosed, and (2) a statement shall be included, to the extent applicable, that the bank has had, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers, principal stockholders, and their associates, on the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with others. For the purpose of determining "aggregate extensions of credit"

in this instruction, transactions which are exempted from disclosure pursuant to other instructions to this Item 7(f) may be excluded.

(v) The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or other similar services; or

(vi) The interest of the specified person, including all periodic installments in the case of any lease or other agreement providing for periodic installments, does not exceed \$30,000.

6. Information shall be furnished under this paragraph with respect to transactions not excluded above which involve remuneration, directly or indirectly, to any of the specified persons for services in any capacity unless the interest of such persons arises solely from the ownership, individually and in the aggregate, of less than a 10 per cent interest in another person furnishing the services to the bank or its subsidiaries.

Item 8. Selection of auditors. If action is to be taken with respect to the selection or approval of auditors, or if it is proposed that particular auditors shall be recommended by any committee to select auditors for whom votes are to be cast, name the auditors and describe briefly any direct financial interest or any material indirect financial interest in the bank or any of its parents or subsidiaries, or any connection during the past three years with the bank or any of its parents or subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer, or employee.

Item 9. Bonus, profit-sharing, and other remuneration plans. If action is to be taken with respect to any bonus, profit-sharing, or other remuneration plan, furnish the following information:

(a) Describe briefly the material features of the plan, identify each class of persons who will participate therein, indicate the approximate number of persons in each such class and state the basis of such participation.

(b) State separately the amounts which would have been distributable under the plan during the last fiscal year of the bank (1) to directors and officers, and (2) to employees, if the plan had been in effect.

(c) State the name and position with the bank of each person specified in Item 7(a)

who will participate in the plan and the amount which each such person would have received under the plan for the last fiscal year of the bank if the plan had been in effect.

(d) Furnish such information, in addition to that required by this item and Item 7, as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past 2 years, for (i) each director or officer named in answer to Item 7(a) who may participate in the plan to be acted upon; (ii) all directors and officers of the bank as a group, if any director or officer may participate in the plan, and (iii) all employees, if employees may participate in the plan.

(e) If the plan to be acted upon can be amended otherwise than by a vote of stockholders to increase the cost thereof to the bank or to alter the allocation of the benefits as between the groups specified in (b), state the nature of the amendments which can be so made.

(f) If action is to be taken with respect to the amendment or modification of an existing plan, this item shall be answered with respect to the plan as proposed to be amended or modified and shall indicate any material differences from the existing plan.

Instruction. If the plan is set forth in a formal plan, contract, or arrangement, three copies thereof shall be filed with the Board at the time preliminary copies of the Statement are filed pursuant to section 206.5(f).

Item 10. Pension and retirement plans. If action is to be taken with respect to any pension or retirement plan, furnish the following information:

(a) Describe briefly the material features of the plan, identify each class of persons who will be entitled to participate therein, indicate the approximate number of persons in each such class, and state the basis of such participation.

(b) State (1) the approximate total amount necessary to fund the plan with respect to past services, the period over which such amount is to be paid, and the estimated annual payments necessary to pay the total amount over such period, (2) the estimated annual payment to be made with respect to current services, and (3) the amount of such annual payments to be made for the benefit of (i) directors and officers, and (ii) employees.

(c) State (1) the name and position with the bank of each person specified in Item 7(a) who will be entitled to participate in the plan, (2) the amount which would have been paid or set aside by the bank and its subsidiaries for the benefit of such person for the last fiscal year of the bank if the plan had been in effect, and (3) the amount of the annual benefits estimated to be payable to such person in the event of retirement at normal retirement date.

(d) Furnish such information, in addition to that required by this item and Item 7, as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past 2 years, for (i) each director or officer named in answer to Item 7(a) who may participate in the plan to be acted upon; (ii) all directors and officers of the bank as a group, if any director or officer may participate in the plan, and (iii) all employees, if employees may participate in the plan.

(e) If the plan to be acted upon can be amended otherwise than by a vote of stockholders to increase the cost thereof to the bank or alter the allocation of the benefits as between the groups specified in (b)(3), state the nature of the amendments which can be so made.

(f) If action is to be taken with respect to the amendment or modification of an existing plan, this item shall be answered with respect to the plan as proposed to be amended or mod-

ified and shall indicate any material differences from the existing plan.

Instructions. 1. The information called for by paragraph (b) (3) or (c) (2) need not be given as to payments made on an actuarial basis pursuant to any group pension plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

2. The instruction to Item 9 shall apply to this item.

Item 11. Options, warrants, or rights. If action is to be taken with respect to the granting, extension or amendment of any options, warrants, or rights to purchase securities of the bank or any subsidiary, furnish the following information:

(a) State (i) the title and amount of securities called for or to be called for by such options, warrants, or rights; (ii) the prices, expiration dates, and other material conditions upon which the options, warrants, or rights may be exercised; and (iii) in the case of options, the Federal income tax consequences of the issuance and exercise of such options to the recipient and to the bank.

(b) State separately the amount of options, warrants, or rights received or to be received by the following persons, naming each such person: (i) each director or officer named in answer to Item 7(a); (ii) each nominee for election as a director of the bank; (iii) each associate of such directors, officers, or nominees; and (iv) each other person who received or is to receive 5 per cent or more of such options, warrants or rights. State also the total amount of such options, warrants, or rights received or to be received by all directors and officers of the bank as a group, without naming them.

(c) Furnish such information, in addition to that required by this item and Item 7, as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past 2 years, for (i) each director or officer named in an-

swer to Item 7(a) who may participate in the plan to be acted upon; (ii) all directors and officers of the bank as a group, if any director or officer may participate in the plan, and (iii) all employees, if employees may participate in the plan.

Instruction. 1. Paragraphs (b) and (c) do not apply to warrants or rights to be issued to security holders as such on a pro rata basis.

2. The Instruction to Item 9 shall apply to paragraph (c) of this item.

3. Include in the answer to paragraph (c) as to each director or officer named in answer to Item 7(a) and as to all directors and officers as a group (i) the amount of securities acquired during the past two years through the exercise of options granted during the period or prior thereto, (ii) the amount of securities sold during such period of the same class as those acquired through the exercise of such options, and (iii) the amount of securities subject to all unexercised options held as of the latest practicable date.

Item 12. Authorization or issuance of securities otherwise than for exchange. If action is to be taken with respect to the authorization or issuance of any securities otherwise than in exchange for outstanding securities of the bank, furnish the following information:

(a) State the title and amount of securities to be authorized or issued.

(b) Furnish a description of the material provisions of the securities such as would be required in a registration statement filed pursuant to this Part. If the terms of the securities cannot be stated or estimated with respect to any or all of the securities to be authorized, because no offering thereof is contemplated in the proximate future, and if no further authorization by security holders for the issuance thereof is to be obtained, it should be stated that the terms of the securities to be authorized, including dividend or interest rates, conversion prices, voting rights, redemption prices, maturity dates, and similar matters will be determined by the board of directors of the bank. If the securities are additional shares of common stock of a class outstanding, the description may be omitted.

(c) Describe briefly the transaction in which the securities are to be issued, including a

statement as to (1) the nature and approximate amount of consideration received or to be received by the bank, and (2) the approximate amount devoted to each purpose so far as determinable, for which the net proceeds have been or are to be used. If it is impracticable to describe the transaction in which the securities are to be issued, indicate the purpose of the authorization of the securities, and state (i) whether further authorization for the issuance of the securities by a vote of security holders will be solicited prior to such issuance, and (ii) whether present security holders will have preemptive rights to purchase such securities.

Item 13. Modification or exchange of securities. If action is to be taken with respect to the modification of any class of securities of the bank, or the issuance or authorization for issuance of securities of the bank in exchange for outstanding securities of the bank, furnish the following information:

(a) If outstanding securities are to be modified, state the title and amount thereof. If securities are to be issued in exchange for outstanding securities, state the title and amount of securities to be so issued, the title and amount of outstanding securities to be exchanged therefor, and the basis of the exchange.

(b) Describe any material differences between the outstanding securities and the modified or new securities with respect to any of the matters concerning which information would be required in the description of the securities in a registration statement filed pursuant to this Part.

(c) State the reasons for the proposed modification or exchange and the general effect thereof upon the rights of existing security holders.

(d) Furnish a brief statement as to arrears in dividends or as to defaults in principal or interest with respect to the outstanding securities which are to be modified or exchanged and such other information as may be appropriate

in the particular case to disclose adequately the nature and effect of the proposed action.

(e) Outline briefly any other material features of the proposed modification or exchange.

(f) The instruction to Item 9 shall apply to this item.

Item 14. Mergers, consolidations, acquisitions, and similar matters. If action is to be taken with respect to any plan for (i) the merger or consolidation of the bank into or with any other person, or of any other person into or with the bank, (ii) the acquisition by the bank or any of its subsidiaries of securities of another bank, (iii) the acquisition by the bank of any other going business or of the assets thereof, (iv) the sale or other transfer of all or any substantial part of the assets of the bank, or (v) the voluntary liquidation or dissolution of the bank:

(a) Outline briefly the material features of the plan. State the reasons therefore and the general effect thereof upon the interests of existing security holders. If the plan is set forth in a written document, file three copies thereof with the Board when preliminary copies of the Statement are filed pursuant to section 206.5(f).

(b) Furnish the following information as to the bank and each person (other than subsidiaries substantially all of the stock of which is owned by the bank) which is to be merged into the bank, or into or with which the bank is to be merged or consolidated, or the business or assets of which are to be acquired, or which is the issuer of securities to be acquired by the bank or any of its subsidiaries in exchange for all or a substantial part of its assets:

(1) A brief description of the business and property of each such person in substantially the manner required by Items 3 and 4 of Form F-1.

(2) A brief statement as to defaults in principal or interest with respect to any securities of the bank or of such person, and as to

the effect of the plan thereon and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(3) Such information with respect to the proposed management of the surviving bank as would be required by Items 6 and 7 of this Form F-5. Information concerning remuneration of management may be projected for the current year based on remuneration actually paid or accrued by each of the constituent persons during the last calendar year. If significantly different, proposed compensation arrangements should also be described.

(4) A tabular presentation of the existing and pro forma capitalization.

(5) In columnar form, for each of the last three fiscal years, a historical summary of earnings. Such summary is to be concluded by indicating per share amounts of income before securities gains (losses), net income, and dividends declared for each period reported. (Extraordinary items, if any, should be appropriately reported and per share amounts of securities gains (losses) should be included.)

(6) In columnar form, for each of the last three fiscal years, a combined pro forma summary of earnings, as appropriate in the circumstances, similar in structure to the historical summary of earnings. If the transaction establishes a new basis of accounting for assets of any of the persons included therein, the pro forma summary of earnings shall be furnished only for the most recent fiscal year and interim period and shall reflect appropriate pro forma adjustments resulting from such new basis of accounting.

(7) A tabular presentation of comparative per share data of the constituent banks or other persons pertaining to:

(A)(i) Income before securities gains (losses), (ii) net income, and (iii) dividends declared, for each of the last three fiscal years; and

(B) book value per share, at the date of

the balance sheets included in the Statement.

The comparative per share data shall be presented on a historical and pro forma basis (except dividends which are to be furnished on historical basis only) and equated to a common basis in exchange transactions.

(8) To the extent material for the exercise of prudent judgment, the historical and pro forma earnings data specified in (5), (6), and (7) above for the latest available interim period of the current and prior fiscal years.

Instructions. 1. Historical statements of income in their entirety, as required by Item 15, may be furnished in lieu of the summary of earnings specified in paragraph (5). If summary earnings information is presented, include, as a minimum, operating revenues, operating expenses, income before income taxes and security gains (losses), applicable income taxes, income before securities gains (losses), securities gains (losses), and net income. The summary shall reflect retroactive adjustments of any material items affecting the comparability of the results.

2. In connection with any interim period or periods between the end of the last fiscal year and the balance sheet date, and any comparable prior period, a statement shall be made that all adjustments necessary to a fair statement of the results for such interim period or periods have been included, and results of the interim period for the current year are not necessarily indicative of results for the entire year. In addition, there shall be furnished in such cases, as supplemental information but not as a part of the proxy statement, a letter describing in detail the nature and amount of any adjustments, other than normal recurring accruals, entering into the determination of the results shown.

3. The information required by this Item 14(b) is required in a Statement of the "acquiring" or "surviving" bank only where a "significant" merger or acquisition is to be voted upon. For purposes of this item, the term "significant" merger or acquisition shall mean a transaction where either (1) the net book value of assets to be acquired or the amount to be paid therefore exceed 5 per cent of the equity capital accounts of the acquiring bank, or (2) in an exchange transaction, the number of shares to be issued exceeds 5 per cent of the outstanding shares of the acquiring bank, or (3) gross operating revenues for the last fiscal year of the person to be acquired exceeded 5 per cent of the gross operating revenues for the last fiscal year of the acquiring bank. If less than a "significant" merger acquisition is to be voted upon, such information need only be included to the extent necessary for the exercise of prudent judgment with respect thereto.

(c) As to each class of securities of the bank, or of any person specified in paragraph (b), which is admitted to dealing on a national securities exchange or with respect to which a market otherwise exists, and which will be materially affected by the plan, state the high and low sale prices (or, in the absence of trading in a particular period, the range of the bid and asked prices) for each quarterly period within two years. This information may be omitted if the plan involves merely the voluntary liquidation or dissolution of the bank.

Item 15. Financial statements. (a) If action is to be taken with respect to any matter specified in Items 12, 13, or 14 above, furnish verified financial statements of the bank and its subsidiaries such as would be required in a registration statement filed pursuant to this Part. In addition, the latest available interim date balance sheet and statement of income for the interim period between the end of the last fiscal year and the interim balance sheet date, and comparable prior period, shall be furnished. All schedules, except Schedule VII—"Allowance for Possible Loan Losses," may be omitted.

(b) If action is to be taken with respect to any matter specified in Item 14(b), furnish for each person specified therein, other than the bank, financial statements such as would be required in a registration statement filed pursuant to this Part. In addition, the latest available interim date balance sheet and statement of income for the interim period between the end of the last fiscal year and the interim balance sheet date, and comparable prior period, shall be furnished. However, the following may be omitted: (1) all schedules, except Schedule VII—"Allowance for Possible Loan Losses"; and (2) statements for a subsidiary, all of the stock of which is owned by the bank, that is included in the consolidated statement of the bank and its subsidiaries. Such statements shall be verified, if practicable.

(c) Notwithstanding paragraphs (a) and (b) above, any or all of such financial statements which are not material for the exercise of prudent judgment in regard to the matter to be acted upon may be omitted. Such financial statements are deemed material to the exercise of prudent judgment in the usual case involving the authorization or issuance of any material amount of senior securities, but are not deemed material in cases involving the authorization or issuance of common stock, otherwise than in an exchange, merger, consolidation, acquisition, or similar transaction.

(d) The Statement may incorporate by reference any financial statements contained in an annual report sent to security holders pursuant to section 206.5(c) with respect to the same meeting as that to which the Statement relates, provided such financial statements substantially meet the requirements of this item.

Item 16. Action with respect to reports. If action is to be taken with respect to any report of the bank or of its directors, officers, or committees or any minutes of a meeting of its security holders, furnish the following information:

(a) State whether or not such action is to constitute approval or disapproval of any of the matters referred to in such reports of minutes.

(b) Identify each of such matters which it is intended will be approved or disapproved, and furnish the information required by the appropriate item or items of this schedule with respect to each such matter.

Item 17. Matters not required to be submitted. If action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of such matter, the reasons for submitting it to a vote of security holders and what action is intended to be taken by the management in the event of a negative vote on the matter by the security holders.

Item 18. Amendment of charter, by-laws, or other documents. If action is to be taken with

respect to any amendment of the bank's charter, by-laws, or other documents as to which information is not required above, state briefly the reasons for and general effect of such amendment.

Item 19. Other proposed action. If action is to be taken with respect to any matter not specifically referred to above, describe briefly

the substance of each such matter in substantially the same degree of detail as is required by Items 5 to 18, inclusive, above.

Item 20. Vote required for approval. As to each matter which is to be submitted to a vote of security holders, other than elections to office or the selection or approval of auditors, state the vote required for its approval.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
FORM F-9: FINANCIAL STATEMENTS

A. BALANCE SHEET (Form F-9A)

B. STATEMENT OF INCOME (Form F-9B)

C. STATEMENT OF CHANGES IN CAPITAL ACCOUNTS (Form F-9C)

D. SCHEDULES (Form F-9D)

GENERAL INSTRUCTIONS

1. **Preparation of forms.** The forms for financial statements are not to be used as blank forms to be filled in but only as guides in the preparation of financial statements. The requirements with respect to the filing of balance sheets and statements of income are contained in the instructions as to certain other forms required by this Part. Particular attention should be given to the general requirements as to financial statements in section 206.7 of this Part, including paragraphs (e) and (f) thereof, which prescribe when statements of changes in capital accounts and schedules will be filed. Although inapplicable items specified in the forms for financial statements should be

omitted, the detailed instructions that relate to applicable items shall be followed.

2. **Accrual accounting.** Financial statements shall generally be prepared on the basis of accrual accounting whereby all revenues and all expenses shall be recognized during the period earned or incurred regardless of the time received or paid, with certain exceptions: (a) where the results would be only insignificantly different on a cash basis, or (b) where accrual is not feasible. Statements with respect to the first fiscal year that a bank reports on the accrual basis shall indicate clearly, by footnote or otherwise, the beginning-of-year adjustments that were necessary and their effect on prior financial statements filed under this Part,

A. BALANCE SHEET

Assets

1. Cash and due from banks
2. Investment securities:
 - (a) U.S. Treasury securities
 - (b) Securities of other U.S. Government agencies and corporations
 - (c) Obligations of States and political subdivisions
 - (d) Other securities
3. Trading account securities
4. Federal funds sold and securities purchased under agreements to resell
5. Other loans
6. Bank premises and equipment
7. Other real estate owned
8. Investments in subsidiaries not consolidated
9. Customers' acceptance liability
10. Other assets
11. Total assets

ASSETS

1. **Cash and due from banks.** (a) State the total of (1) currency and coin (A) owned and held in the bank's vaults and (B) in transit to or from a Federal Reserve Bank; (2) the bank's total reserve balance with the Federal Reserve Bank as shown by the bank's books; (3) demand and time balances with other banks; and (4) cash items in process of collection.

(b) Reciprocal demand balances with banks in the United States, except those of private banks and American branches of foreign banks, shall be reported net.

(c) Do not include unavailable balances with closed or liquidating banks. Such balances should be reported in "other assets".

(d) Cash items in process of collection include: (1) checks in process of collection drawn on another bank, private bank, or any other banking institution that are payable im-

Liabilities

12. Deposits:
 - (a) Demand deposits in domestic offices ...
 - (b) Savings deposits in domestic offices
 - (c) Time deposits in domestic offices
 - (d) Deposits in foreign offices
13. Federal funds purchased and securities sold under agreements to repurchase
14. Other liabilities for borrowed money
15. Bank's acceptances outstanding
16. Mortgages payable
17. Other liabilities
18. Total liabilities
19. Minority interests in consolidated subsidiaries

Reserves

20. Allowance for possible loan losses

Capital Accounts

21. Capital notes and debentures
22. Equity capital:
 - (a) Capital stock: Preferred stock
 - Common stock
 - (b) Surplus
 - (c) Undivided Profits
 - (d) Reserve for contingencies and other capital reserves
23. Total capital accounts
24. Total liabilities, reserves, and capital

mediately upon presentation (including checks with a Federal Reserve Bank in process of collection and checks on hand that will be presented for payment or forwarded for collection on the following business day); (2) Government checks and warrants drawn on the Treasurer of the United States that are in process of collection; and (3) such other items in process of collection, including redeemed United States savings bonds, payable immediately upon presentation in the United States, as are customarily cleared or collected by banks as cash items.

(e) Checks drawn on a bank other than the reporting bank that have been deposited in the reporting bank (or offices or branches of such bank) and have been forwarded for collection to other offices or branches of the reporting bank are cash items in the process of collection.

(f) Do not include commodity or bill-of-lading drafts payable upon arrival of goods

against which drawn, whether or not deposit credit therefor has been given to a customer. If deposit credit has been given, such drafts should be reported as "loans"; but if the drafts were received by the reporting bank on a collection basis they should not be included in the reporting bank's statement until such time as the funds have been actually collected.

(g) Unposted debits should preferably be deducted from the appropriate deposit liability caption. If such items are included hereunder, the amount shall be stated parenthetically.

2. Investment securities. (a) State separately book value of (1) U.S. Treasury securities; (2) Securities of other U.S. Government agencies and corporations; (3) Obligations of States and political subdivisions; and (4) Other securities owned by the bank; include securities pledged, loaned or sold under repurchase agreements and similar arrangements.

(b) Book value with respect to investment quality securities reported in paragraph (a) shall be cost adjusted for amortization of premium and, at the option of the bank, for accretion of discount. There shall be set forth in a note to financial statements (1) the basis of accounting for book value, and (2) if bond discount is systematically accrued and amounts to 5 per cent or more of interest and dividends on investments, the total of accretion income and deferred income taxes applied thereto.

(c) Include in category (3) of paragraph (a) obligations, including warrants and tax anticipation notes, of the States of the United States and their political subdivisions, agencies, and instrumentalities; also obligations of territorial and insular possessions of the United States. Do not include obligations of foreign states.

(d) Do not include borrowed securities or securities purchased under resale agreements or similar arrangements.

3. Trading account securities. State the aggregate value at the balance sheet date, of securities of all types carried by the bank in a dealer trading account (or accounts) that are held principally for resale to customers. Indicate parenthetically, or otherwise in a note to financial statements, whether the inventory is valued at (1) cost, (2) lower of cost or market, or (3) market. If cost basis of valuation is used, furnish aggregate market value of the trading account inventory at the current fiscal year balance sheet date.

4. Federal funds sold and securities purchased under agreements to resell. (a) State the aggregate value of Federal funds sold and securities purchased under resale agreement or similar arrangements. All securities purchased under transactions of this type should be included regardless of (1) whether they are called simultaneous purchases and sales, buy-backs, turnarounds, overnight transactions, delayed deliveries, etc., and (2) whether the transactions are with the same or different institutions if the purpose of the transactions is to resell identical or similar securities.

(b) Federal funds sold and purchases of securities under resale agreements should be reported gross and not netted against purchases of Federal funds and sales of securities under repurchase agreements.

5. Other Loans. (a) State the aggregate gross value of all loans including (1) acceptances of other banks and commercial paper purchased in the open market; (2) acceptances executed by or for the account of the reporting bank and subsequently acquired by it through purchase or discount; (3) customers' liability to the reporting bank on drafts paid under letters of credit for which the bank has not been reimbursed; and (4) "cotton overdrafts" or "advances," and commodity or bill-of-lading drafts payable upon arrival of goods against

which drawn, for which the reporting bank has given deposit credit to customers.

(b) Include (1) paper rediscounted with the Federal Reserve or other banks; and (2) paper pledged as collateral to secure bills payable, as marginal collateral to secure bills rediscounted, or for any other purpose.

(c) Do not include contracts of sale or other loans indirectly representing bank premises or other real estate; these should be included in "bank premises" or "other real estate".

(d) Do not deduct bona fide deposits accumulated by borrowers for the payment of loans.

6. Bank premises and equipment. (a) State the aggregate cost of (1) bank premises owned, (2) leasehold improvements, and (3) equipment less any accumulated depreciation or amortization with respect to such assets.

(b) All fixed assets acquired subsequent to December 31, 1959, shall be stated at cost less accumulated depreciation or amortization.

(c) All fixed assets acquired prior to January 1, 1960, that are not presently accounted for by the bank on the basis of cost less accumulated depreciation or amortization, may be stated at book value. Any such assets that are still in use and would not have been fully depreciated on an acceptable method of accounting for depreciation if the bank had recorded depreciation on such basis shall be described briefly in a footnote, together with an explanation of the accounting that was used with respect to such assets.

(d) The term "leasehold improvements" comprehends two types of situations: (1) where the bank erects a building on leased property; and (2) where a bank occupies leased quarters or uses leased parking lots and appropriately capitalizes disbursements for vaults, fixed machinery and equipment directly related to such leased quarters, or resurfacing or other improvements directly related to such parking lots that will become an integral part of the prop-

erty and will revert to the lessor on expiration of the lease.

(e) Bank premises includes vaults, fixed machinery and equipment, parking lots owned adjoining or not adjoining the bank premises that are used by customers or employees, and potential building sites.

(f) Equipment includes all movable furniture and fixtures of the bank.

7. Other real estate owned. (a) State the aggregate cost of all real estate owned by the bank that is not a part of bank premises.

(b) With respect to real estate acquired through default of a loan, aggregate cost shall include the unpaid balance on the defaulted loan plus the bank's out-of-pocket costs in acquiring clear title to the property. Any adjustments from aggregate cost shall be explained in a footnote.

(c) The aggregate market value of all real estate owned by the bank that is not a part of bank premises shall be set forth in a footnote, together with an explanation of the method of determining such market value.

8. Investments in subsidiaries not consolidated. State the aggregate investment, including advances, in subsidiaries not consolidated.

9. Customers' acceptance liability. (a) State the liability to the reporting bank of its customers on drafts and bills of exchange that have been accepted by the reporting bank or by other banks for its account and that are outstanding—that is, not held by the bank, on the reporting date. (If held by the reporting bank, they should be reported as "loans").

(b) In case a customer anticipates his liability to the bank on outstanding acceptances by paying the bank either the full amount of his liability or any part thereof in advance of the actual maturity of the acceptance, the bank should decrease the amount of the customer's liability on outstanding acceptances. If such funds are not received for immediate application to the reduction of the indebtedness to the

bank or the receipt thereof does not immediately reduce or extinguish the indebtedness, then such funds held to meet acceptances must be reported in "demand deposits".

(c) Do not include customer's liability on unused commercial and travelers' letters of credit issued under guaranty or against the deposit of security—that is, not issued for money or its equivalent.

10. **Other assets.** State separately, if material, (1) income earned but not collected; (2) prepaid expenses; (3) property acquired for the purpose of direct lease financing; and (4) any other asset not included in the preceding items.

11. **Total assets.** State the sum of all asset items.

LIABILITIES

12. **Deposits.** (a) State separately (1) demand deposits in domestic offices of the bank, (2) savings deposits in domestic offices of the bank, (3) time deposits in domestic offices of the bank, and (4) deposits in foreign offices. Related unposted debits, if any, should preferably be deducted from domestic deposits.

(b) The domestic deposit liability categories shall be segregated in accordance with the Rules and Regulations of the Federal Deposit Insurance Corporation, Part 327.2—Classification of Deposits.

(c) The term "unposted debit" means a cash item in the bank's possession drawn on itself that has been paid or credited and is chargeable against, but has not been charged against, deposit liabilities at the close of the reporting period. This term does not include items that have been reflected in deposit accounts on the general ledger, although they have not been debited to individual deposit accounts.

(d) Reciprocal demand deposit balances with banks in the United States, except those of private banks and American branches of foreign banks, shall be reported net.

(e) Include outstanding drafts (including advices or authorizations to charge the bank's balance in another bank) drawn in the regular course of business by the reporting bank on other banks pursuant to customer order.

(f) Do not include trust funds held in the bank's own trust department that the bank keeps segregated and apart from its general assets and does not use in the conduct of its business.

13. **Federal funds purchased and securities sold under agreements to repurchase.** (a) State the aggregate value of Federal funds purchased and securities sold under repurchase or similar arrangements. All securities sold under transactions of this type should be included regardless of (1) whether they are called simultaneous purchases and sales, buy-backs, turn-arounds, overnight transactions, delayed deliveries, etc., and (2) whether the transactions are with the same or different institutions if the purpose of the transactions is to repurchase identical or similar securities.

(b) Federal funds purchased and sales of securities under repurchase agreements should be reported gross and not netted against sales of Federal funds and purchases of securities under resale agreements.

14. **Other liabilities for borrowed money.** State the aggregate amount borrowed by the reporting bank on its own promissory notes, on notes and bills rediscounted (including commodity drafts rediscounted), or on any other instruments given for the purpose of borrowing money.

15. **Bank's acceptances outstanding.** (a) State the aggregate of unmatured drafts and bills of exchange accepted by the reporting bank, or by some other bank as agent for the reporting bank (other than those reported in "demand deposits"), less the amount of such acceptances acquired by the reporting bank through discount or purchase and held on the reporting date.

(b) Include bills of exchange accepted by the reporting bank that were drawn by banks or bankers in foreign countries, or in dependencies or insular possessions of the United States, for the purpose of creating dollar exchange as required by usage of trade in the respective countries, dependencies, or insular possessions.

16. Mortgages payable. (a) State separately here, or in a note referred to herein, such information as will indicate (1) the general character of the debt including the rate of interest; (2) the date of maturity; (3) if the payment of principal or interest is contingent, an appropriate indication of such contingency; and (4) a brief indication of priority.

(b) If there are any liens on bank premises or other real estate owned by the bank or its consolidated subsidiaries which have not been assumed by the bank or its consolidated subsidiaries, report in a footnote the amount thereof together with an appropriate explanation.

17. Other liabilities. State separately, if material, (a) accrued payrolls; (b) accrued income tax liability (Federal and State combined); (c) accrued interest; (d) cash dividends declared but not paid; (e) income collected but not earned; and (f) any other liability not included in Items 12 through 16.

18. Total liabilities. State the sum of Items 12 through 17.

19. Minority interests in consolidated subsidiaries. State the aggregate amount of minority stockholders' interests in capital stock, surplus, and undivided profits of consolidated subsidiaries.

RESERVES

20. Allowance for possible loan losses. (a) State the balance of the loan losses allowance account at the end of the fiscal year. Include in this allowance only (1) any provision that the bank makes for possible loan losses pursuant to the Treasury tax formula and (2) any amount in excess of the provision taken under such formula that (A) represents management's

judgment as to possible loss or value depreciation and (B) has been established through a charge against income.

(b) Any provision for possible loan losses that the bank establishes as a precautionary measure that is in excess of the amount reported in paragraph (a) shall not be included in this allowance but shall be reported as a contingency reserve—that is, as a segregation of undivided profits.

Note. Any allowance that (1) represents management's judgment as to possible loss or value depreciation in investment securities and (2) has been established through an appropriate charge against income shall be separately stated. Any provision for possible security losses that the bank establishes as a precautionary measure only (such as to reflect normal fluctuations in market value of readily marketable securities) shall not be included in this allowance but shall be reported as a contingency reserve—that is, as a segregation of undivided profits.

CAPITAL ACCOUNTS

21. Capital notes and debentures. State separately here, or in a note referred to herein, each issue or type of obligation and such information as will indicate (a) the general character of each type of debt including the rate of interest; (b) the date of maturity (or dates if maturing serially) and call provisions; (c) the aggregate amount of maturities, and sinking fund requirements, each year for the 5 years following the date of the balance sheet; (d) if the payment of principal or interest is contingent, an appropriate indication of the nature of the contingency; (e) a brief indication of priority; and (f) if convertible, the basis.

22. Equity capital. (a) Capital stock. State for each class of shares the title of issue, the number of shares authorized, the number of shares outstanding and the capital share liability thereof, and, if convertible, the basis of conversion. Show also the dollar amount, if any, of capital shares subscribed but unissued, and of subscriptions receivable thereon.

(b) Surplus. State the net amount formally transferred to the surplus account on or before the reporting date.

(c) Undivided profits. State the amount of undivided profits shown by the bank's books.

(d) Reserve for contingencies and other capital reserves.

(1) State separately each such reserve and its purpose.

(2) These reserves constitute amounts set aside for possible decrease in the book value of assets, or for other unforeseen or indeterminable liabilities not otherwise reflected on the bank's books and not covered by insurance.

(3) As these reserves represent a segregation of undivided profits, do not include any

element of known losses, or losses the amount of which can be estimated with reasonable accuracy.

(4) Reserves for possible security losses, reserves for possible loan losses, and other contingency reserves that are established as precautionary measures only shall be included in these reserves, as they represent segregations of "undivided profits".

23. **Total capital accounts.** State the total of Items 21 and 22.

24. **Total liabilities, reserves and capital.** State the total of Items 18, 19, 20 and 23.

B. STATEMENT OF INCOME

1. Operating Income:
 - (a) Interest and fees on loans
 - (b) Income on Federal funds sold and securities purchased under agreements to resell
 - (c) Interest and dividends on investments:
 - (1) U.S. Treasury securities
 - (2) Securities of other U.S. Government agencies and corporations
 - (3) Obligations of States and political subdivisions
 - (4) Other securities
 - (d) Trust department income
 - (e) Service charges on deposit accounts
 - (f) Other service charges, collection and exchange charges, commissions, and fees
 - (g) Other operating income
 - (h) Total operating income
2. Operating Expenses:
 - (a) Salaries and wages
 - (b) Pensions and other employee benefits
 - (c) Interest on deposits
 - (d) Expenses of Federal funds purchased and securities sold under agreements to repurchase
 - (e) Interest on other borrowed money
 - (f) Interest on capital notes and debentures
 - (g) Occupancy expense of bank premises, net:
 - Gross occupancy expense
 - Less: Rental income
 - (h) Furniture and equipment expense (Including depreciation of \$——)
 - (i) Provision for loan losses
 - (j) Other operating expenses
 - (k) Total operating expenses
3. Income before Income Taxes and Securities Gains (Losses)
4. Applicable Income Taxes
5. Income before Securities Gains (Losses)
6. Net Security Gains (Losses), less related tax effect, \$——
7. Net income

OR

- | |
|---|
| 7. Income before Extraordinary Items |
| 8. Extraordinary Items, less related tax effect, \$—— |
| 9. Net Income |

10. Earnings per common share*:
 - Income before securities gains (losses)
 - Net Income

* Per share amount of securities gains (losses) may be stated separately. If extraordinary items are reported, per share amount of income before extraordinary items and per share amount of extraordinary items shall be stated separately.

1. Operating income. State separately:

(a) Interest and fees on loans.

(1) Include interest, fees and other charges on all assets that are reported on the balance sheet as other loans.

(2) Include interest on acceptances, commercial paper purchased in the open market,

drafts for which the bank has given deposit credit to customers, etc.

Also include interest on loan paper that has been rediscounted with Federal Reserve or other banks or pledged as collateral to secure bills payable or for any other purpose.

(3) Include service charges and other fees on loans.

(4) Include profits (or losses) resulting from the sale of acceptances and commercial paper at discount rates other than those at which such paper was purchased.

(5) Current amortization of premiums on mortgages or other loans shall be deducted from interest on loans and current accumulation of discount on such items shall be added to interest on loans.

(b) **Income on Federal funds sold and securities purchased under agreements to resell.** Include the total gross revenue from Federal funds sold and securities purchased under agreements to resell.

(c) **Interest and dividends on investments.**

(1) State separately interest and dividends from (A) U.S. Treasury securities, (B) securities and other U. S. Government agencies and corporations, (C) obligations of States and political subdivisions, and (D) other securities owned by the bank, including securities pledged, loaned, or sold under repurchase agreements and similar arrangements.

(2) Include accretion of discount on securities, if any; deduct amortization of premiums on securities. If the reporting bank accrues bond discount and such income amounts to 5 per cent or more of the total of interest and dividends on investments, state in a note to financial statements, the amount of accretion income and deferred income taxes applicable thereto.

(3) When securities are purchased, any payment for accrued interest shall not be charged to expenses, nor when collected be credited to earnings. Such interest shall be charged to a separate account that will be credited upon collection of the next interest payment. The balance in the account shall be shown as "Other assets" in the balance sheet.

(d) **Trust department income.**

(1) Include income from commissions and fees for services performed by the bank in any authorized fiduciary capacity.

(2) This item may be reported on the cash basis in those instances where the presentation of the item on the financial statements would not be materially affected thereby. The cash basis may also be used with respect to an individual trust or estate if accrual of income therefrom is not feasible. If any portion of trust department income is not reported on the accrual basis, there shall be a footnote explaining the method of reporting and the reason for departing from reporting on the accrual basis.

(e) **Service charges on deposit accounts.** Include amounts charged depositors that fail to maintain specified minimum deposit balances; charges based on the number of checks drawn on and deposits made in deposit accounts; charges for account maintenance and for checks drawn on "no minimum balance" deposit accounts; return check charges; etc.

(f) **Other service charges, collection and exchange charges, commissions, and fees.** State the aggregate of other service charges, collection and exchange charges, commissions, and fees. Exclude charges on loans and deposits and those related to the Trust Department. Do not include reimbursements for out-of-pocket expenditures made by the bank for the account of customers. If expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.

(g) **Other operating income.**

(1) Include all operating income not reported in Items 1(a) through 1(f).

(2) Include (A) net trading account income consisting of profits and losses, interest, and other income and expense related to securities carried in a dealer trading account or accounts that are held principally for resale to customers, but exclude salaries, commissions, and other indirect expenses; (B) income from lease financing; (C) gross rentals from "other real estate" and safe deposit boxes; (D) net remittable profits (or losses) of for-

eign branches and consolidated subsidiaries less any minority interests (unless the reporting bank preferably combines or consolidates each item of income and expense); (E) interest on time balances with other banks; and (F) all other recurring credits (such as miscellaneous recoveries) and immaterial non-recurring credit items.

(3) Do not include rentals from bank premises. Such rental income shall be reported in the inset to Item 2 (g). In the event there is a net occupancy income, the income shall be shown in parenthesis in Item 2(g).

(4) Itemize (A) net trading account income, (B) net remittable profits (or losses) of foreign branches and consolidated subsidiaries (if included in this sub-Item), and (C) all other amounts that represent 25 per cent or more of the total of this sub-Item, unless "other operating income" is less than 5 per cent of "total operating income."

(h) **Total operating income.** State the sum of Items 1(a) through 1(g).

2. Operating expenses. State separately:

(a) **Salaries.**

(1) Include compensation for personal services of all officers and employees, including dinning room and cafeteria employees but not building department employees.

(2) Include amounts withheld from salaries for Social Security taxes and contributions to the bank's pension fund. Do not include Social Security taxes paid by the bank for its own account and the bank's contribution to pension funds. Such amounts shall be included in Item 2(b).

(3) Include bonus and profit sharing paid directly or through a trustee. Such compensation that is deferred and not distributed to employees shall be reported in Item 2(b).

(4) Do not include compensation of officers and employees who spent the major portion of their working time on bank building

and related functions. Such compensation shall be included in Item 2(g).

(5) Do not include amounts paid to legal, management, and investment counsel for professional services if such counsel are not salaried officers or employees of the bank. Such amounts shall be included in Item 2(j).

(b) **Pensions and other employee benefits.**

(1) Include all supplementary benefits, other than direct compensation included in Item 2(a) accrued during the report period on behalf of all officers and employees except building department personnel (see Item 2(g)).

(2) Include the bank's own contribution to its pension fund; unemployment and Social Security taxes for the bank's own account; life insurance premiums (net of dividends received) and hospitalization insurance payable by the bank; and other employee benefits.

(3) Do not include expenses related to testing, training, or education of officers and employees; the cost of bank newspapers and magazines; premiums on insurance policies where the bank is beneficiary; and athletic activities where the principal purpose is for publicity or public relations and employee benefits are only incidental. Such amounts shall be included in Item 2(j).

(c) **Interest on deposits.** Include interest on all deposits.

(d) **Expense of Federal funds purchased and securities sold under agreements to repurchase.** Include the total gross expenses of Federal funds purchased and securities sold under agreements to repurchase.

(e) **Interest on other borrowed money.**

(1) Include all interest on bills payable, rediscounts, unsecured notes payable, and other instruments issued for the purpose of borrowing money other than Federal funds purchased and securities sold under agreements to repurchase.

(2) Do not include interest on mortgages

on bank premises. Such interest shall be included in Item 2(g).

(f) Interest on capital notes and debentures.

(1) Include all interest on capital notes and debentures.

(2) Amortization of premium or discount shall be deducted from or included in the amount reported.

(3) Do not include premium or discount paid or realized on retirement of such securities. Such amounts shall be reported in Item 1(g) or 2(j).

(g) Occupancy expense of bank premises, net.

(1) Include in "gross occupancy expense" inset the aggregate amount of (A) salaries, wages, and supplementary compensation of bank personnel who devote the major portion of their time to the operation of bank premises or its consolidated premises subsidiaries; (B) depreciation of bank premises and amortization of leasehold improvements; (C) rent expense of bank premises; (D) real estate taxes; (E) interest on mortgages on bank premises owned; and (F) other bank premises operating and maintenance expenses.

(2) Include in "rental income" inset the aggregate amount of rentals from bank premises leased by the bank or its consolidated premises subsidiaries.

(3) Report the net occupancy expense (or net income) of bank premises. If net income is reported, the amount shall be shown in parenthesis.

(h) Furniture and equipment expense.

(1) Include normal and recurring depreciation charges; rental costs of office machines and tabulating and data processing equipment; and ordinary repairs to furniture and office machines, including servicing costs. The amount applicable to depreciation charges shall be shown in parenthesis.

(2) Include taxes on equipment.

(i) Provision for loan losses.

(1) Banks which provide for loan losses on a reserve basis shall include an estimated

amount for credit losses. Such amount shall be determined by management in light of past loan loss experience and evaluation of potential loss in the current loan portfolio. The estimated loan loss factor allocable to operating expense shall not be less than the amount computed under one of the elective methods set forth in sub-Item (2).

(2) The bank may elect in 1969, and thereafter consistently use for financial reporting purposes, one of the following methods for allocating loan losses to operating expense:

(A) Average ratio of loss over the past five years applied to average loans outstanding during the current year. Ratio of loss shall be the single decimal quotient of total net charge-offs (losses less recoveries) and total average loans for the five most recent years, including the current year.

(B) Average ratio of loss on a forward moving average beginning with the year 1969 applied to average loans outstanding during the current year. Ratio of loss shall be the single decimal quotient of total net charge-offs and total average loans for the number of years beginning with 1969 and ending with the year of report. In 1973, banks which elect the forward moving average method will compute the minimum allocable credit loss expense on the same basis as banks which elect method (1).

Note. For purposes of Items 2(A) and (B), annual "average loans outstanding" (1) shall include Federal funds sold and securities purchased under agreements to resell, and (2) may be computed on any reasonable schedule of frequency. In the absence of other procedures, "Other loans", and "Federal funds sold and securities purchased under agreements to resell", as reported in the Statements of Condition called by the supervisory authorities, shall be averaged.

(C) Actual net charge-offs as experienced in the current year.

(3) An estimated amount for loan losses allocable to operating expense in excess of the minimum amount computed as instructed in sub-Item (2) should be provided when judged appropriate in the opinion of management.

(4) Furnish in a note to financial statements an explanation of the basis for allocating

loan losses to operating expense including (A) the method followed, and (B) amount added at the discretion of management, if any.

(5) The amount may be expressed in even dollars or thousands of dollars.

Note. The amount reported for loan losses in operating expense shall be adjusted, if necessary, to the amount transferred to the allowance for loan losses recorded on the books of the bank by an entry to the undivided profits account in the statement of changes in capital accounts. For example, if the estimated loan loss expense reported in the statement of income is less than the amount transferred to the allowance for loan losses, the amount of difference, less related tax effect, should be charged against the undivided profits account. If the estimated loan loss expense reported in the statement of income (1) is more than the amount transferred to the allowance for loan losses, and (2) represents the minimum amount the bank is required to allocate under its elected method, the amount of difference, less related tax effect, should be credited to the undivided profits account.

(6) Banks which do not provide for loan losses on a reserve basis shall include the amount of actual net charge-offs (losses less recoveries) for the current year.

(j) Other operating expenses.

(1) Include all operating expenses not reported in Items 2(a) through 2(i).

(2) Include advertising, business promotion, contributions, cost of examinations by supervisory authorities, deposit insurance assessment, fees paid to directors and members of committees, memberships, net cash shortages or overages, operating expenses (except salaries) of "Other real estate owned", postage, premium on fidelity insurance, publicity, retainer fees, stationery and office supplies, subscriptions, taxes not reported against other items, telegrams and cables, telephone, temporary agency help, travel, unreimbursed losses on counterfeits, forgeries, payments over stops, and all other recurring expenses and immaterial nonrecurring charges.

(3) Deposit insurance assessment expense shall be reported as a net figure—that is, all assessment credits during the period shall be applied against the assessment expense.

(4) Itemize all amounts that represent 25 per cent or more of this item.

(k) **Total operating expenses.** State the sum of Items 2(a) through 2(j).

3. **Income before income taxes and security gains (losses).** State the difference of Item 1(h) minus Item 2(k).

4. **Applicable income taxes.** (a) State the aggregate of Federal and State taxes applicable to the amount reported in Item (3).

(b) Do not include taxes applicable to net security gains (losses) and extraordinary items. Such taxes (or tax reductions) shall be reported in Items 6 and 8.

5. **Income before securities gains (losses).** State the difference of Item 3 minus Item 4.

6. **Net security gains (losses).** State the net result of security gains and losses realized. Related income taxes (or tax reductions) shall be shown parenthetically.

7. **Net income.** State the sum or difference of Items 5 and 6.

Note. If extraordinary items are reported (See Item 8) the caption to this Item shall read, "Income before extraordinary items."

8. **Extraordinary items.** State the material results of non-recurring transactions that have occurred during the current reporting period. Only the results of major events outside of the ordinary operating activity of the bank are to be reported herein. Such events would include, but not be limited to, material gain or loss from sale of bank premises, expropriation of properties, and major devaluation of foreign currency. Related income taxes (or tax reductions) shall be shown parenthetically. (Less than material results of non-recurring transactions are to be included in Items 1(g) or 2(j), as appropriate.)

9. **Net income.** State the sum or difference of Items 7 and 8.

10. **Earnings per common share.** State the per share amounts applicable to common stock (including common stock equivalents) and per share amounts on a fully diluted basis, if applicable. The basis of computation, including the number of shares used, shall be furnished in a note to financial statements.

C. STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

Increase (decrease)	Capital notes and debentures	Pre- ferred stock \$ par	Com- mon stock \$ par	Surplus	Undi- vided profits	Reserve for contin- gencies and other capital reserves
1. Net income transferred to undivided profits . . .						
2. Capital notes and debentures, preferred stock and common stock sold (par or face value)						
3. Stock issued incident to mergers and acquisitions						
4. Premium on capital stock sold						
5. Additions to, or reductions in, surplus, undi- vided profits, and reserves incident to mergers						
6. Transfer to allowance for loan loss, exclusive of portion charged against income, less related income tax effect \$						
7. Cash dividends declared on preferred stock						
8. Cash dividends declared on common stock						
9. Stock issued in payment of stock dividend, _____ shares at par value.						
10. All other increases (decreases) ¹						
11. Net increase (decrease) for the year						
12. Balance at beginning of year ²						
13. Balance at end of year						

¹ State separately any material amounts, indicating clearly the nature of the transaction out of which the item arose.

² If the statement is filed as part of an annual or other periodic report and the balances at the beginning of the period differ from the closing balances as filed for the previous fiscal period, state in a footnote the difference and explain.

D. SCHEDULES

SCHEDULE I—U.S. TREASURY SECURITIES, SECURITIES OF OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS, AND OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS

Type and maturity grouping	Principal amount	Book value ¹
U.S. Treasury securities		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total U.S. Treasury securities		
Securities of other U.S. Government agencies and corporations		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total securities of other U.S. Government agencies and corporations		
Obligations of states and political subdivisions ^{2 3}		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total obligation of states and political subdivisions		

¹ State briefly in a footnote the basis for determining the amounts in this column.

² Include obligations of the States of the United States and their political subdivisions, agencies, and instrumentalities; also obligations of territorial and insular possessions of the United States. Do not include obligations of foreign States.

³ State in a footnote the aggregate (a) principal amount, (b) book value, and (c) market value of securities that are less than "investment grade." If market value is determined on any basis other than market quotations at balance sheet date, explain.

SCHEDULE II—OTHER SECURITIES

Type	Amount	Book value ¹
Bonds, notes, and debentures ^{2 3}		
Stock of the Federal Reserve Bank		
Other stocks ^{2 4}		
Total		

¹ State briefly in a footnote the basis for determining the amounts shown in this column.

² State in a footnote the aggregate amount and book value of foreign securities included.

³ State in a footnote the aggregate (a) principal amount, (b) book value, and (c) market value of bonds, notes, and debentures that are less than "investment grade." If market value is determined on any basis other than market quotations at balance sheet date, explain.

⁴ State in a footnote the aggregate market value.

SCHEDULE III—OTHER LOANS ¹

Type	Book value
Real estate loans: Insured or guaranteed by the U.S. Government or its agencies Other Loans to financial institutions Loans for purchasing or carrying securities (secured or unsecured) Commercial and industrial loans Loans to individuals for household, family, and other consumer expenditures All other loans (including overdrafts) Total other loans reported in balance sheet	

¹ If impractical to classify foreign branch and foreign subsidiary loans in accordance with this schedule, a separate caption stating the total amount of such loans may be inserted. Such action should be explained in a footnote.

SCHEDULE IV—BANK PREMISES AND EQUIPMENT

Classification ¹	Gross book value ²	Accumulated depreciation and amortization ^{3 4}	Amount at which carried on balance sheet
Bank premises (including land \$_____)			
Equipment			
Leasehold improvements			
Totals ⁵			

¹ If impractical to consolidate foreign branch and foreign subsidiary bank premises and equipment in accordance with the breakdown required by this schedule, a separate caption stating the total amount of all such property may be inserted. Such action should be explained in a footnote.

² State briefly in a footnote the basis of determining the amounts in this column.

³ If provision for depreciation and amortization is credited in the books directly to the asset accounts, the amounts for the last fiscal year shall be stated in an explanatory footnote.

⁴ The nature and amount of significant additions (other than provisions for depreciation and amortization) and deductions shall be stated in an explanatory footnote.

⁵ Show in a footnote totals (corresponding to the first two columns) representing amounts reported for Federal income tax purposes.

REGULATION F**(SCHEDULES) FORM F-9D****SCHEDULE V—INVESTMENTS IN, DIVIDEND INCOME FROM, AND SHARE IN EARNINGS OR LOSSES OF UNCONSOLIDATED SUBSIDIARIES**

Name of subsidiary	Per cent of voting stock owned	Total investment, including advances	Equity in underlying net assets at balance sheet date ¹	Amount of dividends ²	Bank's proportionate part of earnings or loss for the period
Totals		\$	\$	\$	\$

¹ Equity shall include advances reported in preceding column to the extent recoverable.

² In a footnote state as to any dividends other than cash, the basis on which they have been reported as income. Also, if any such dividend received has been credited to income in an amount differing from that charged to surplus and/or undivided profits by the disbursing subsidiary, state the amount of such difference and explain.

SCHEDULE VI—"OTHER" LIABILITIES FOR BORROWED MONEY

Item	Amount
Borrowings from Federal Reserve Bank	
Unsecured notes payable within 1 year	
Unsecured notes payable after 1 year	
Other obligations	
Total	

SCHEDULE VII—ALLOWANCE FOR POSSIBLE LOAN LOSSES

Item	Amount set up pursuant to Treasury tax formula	Other amount ¹
Balances at beginning of period Recoveries credited to Allowance Additions due to mergers and absorptions ² Transfers to Allowance: From income From undivided profits ³ Totals Losses charged to Allowance Balances at end of period ⁴		

¹ Do not include any provision for possible loan losses that the bank establishes as a precautionary measure. Include only any provision that (1) has been established through a charge against income, (2) represents management's judgment as to possible loss or value depreciation, and (3) is in excess of the provision taken under the Treasury tax formula.

² Describe briefly in a footnote any such addition.

³ Indicate by parenthesis the gross amount of any credit adjustment to undivided profits.

⁴ Describe briefly in a footnote the basis used in computing the amount accumulated in the Allowance at the end of the period. State the amount that could have been deducted for Federal income tax purposes if such amount is in excess of the amount provided by the bank pursuant to the Treasury tax formula.

NOTE.—The sum of the balances should equal the amount of "Allowance for possible loan losses" reported in the balance sheet.