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# **COMPARISON OF THE POWERS OF NATIONAL BANKS AND FEDERAL SAVINGS ASSOCIATIONS**

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July 1, 2019

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See *also* the companion document entitled “Key Differences Among National Bank, Federal Savings Association, and Covered Savings Association Requirements” on the OCC website.

## Forward

This chart is intended to provide a summary of the basic powers of national banks and federal savings associations (FSAs). It is not intended to be a complete inventory of the activities permitted for either type of charter. The chart should not be cited as precedent. The powers identified in this document are evolving and the statutes and regulations cited may be revised in the future. In addition, different facts than those presented in relevant precedent may lead to different results. Therefore, institutions should not engage in activities in reliance on this document and instead should review the authorities cited here and other relevant law, precedent, and Office of the Comptroller of the Currency (OCC) guidance before engaging in an activity.

On July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act transferred certain rulemaking and examination authority over FSAs from the Office of the Thrift Supervision (OTS) to the OCC. Pursuant to this legislation, OTS interpretive letters cited in this chart remain in effect and are enforceable by the OCC until repealed or superseded. Users of this chart should note that there are certain national bank powers allowed under statutes, regulations, or interpretations for which the former OTS or the OCC has not issued a comparable determination for FSAs. We have indicated such lack of formal determination by noting “No express precedential determination” with respect to relevant powers. This statement does not indicate that the OCC would either approve or deny an FSA’s request to engage in this activity.

*Note for operating subsidiaries.* In general, national banks and FSAs may conduct activities in an operating subsidiary that are permissible for a national bank or FSA, respectively, to engage in directly. Therefore, unless otherwise noted the activities permissible for national banks or FSAs also are permitted for their operating subsidiaries.

*Note for Covered Savings Associations:* Section 206 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, as implemented by 12 CFR part 101, permits certain FSAs to elect to operate as a “covered savings association.” A covered savings association has the same rights and privileges and is subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations as a national bank. For purposes of governance and specific corporate activities enumerated in the statute, a covered savings association is treated as an FSA. Therefore, unless noted otherwise, activities listed in this chart as permissible for national banks are permissible for covered savings associations.

# TABLE OF CONTENTS

## **I. DEPOSITS**

1.	Brokered Deposits .....	1
2.	Demand Deposits (checking accounts), Negotiable Order of Withdrawal (NOW) Accounts and Money Market Deposit Accounts .....	1
3.	Public Funds .....	1
4.	Special Deposits (receipts of money, financial instruments, or other property for safe-keeping) .....	2
5.	Time Deposits (CDs, savings accounts, and retirement accounts) .....	2
6.	Pledging Assets to Secure Private Deposits .....	2

## **II. LENDING**

### **A. Commercial Loans**

1.	Commercial Loans - In General (secured or unsecured) .....	3
2.	Equity Kicker Loans .....	3
3.	Financial Institution, Broker and Dealer Loans .....	3
4.	Letters of Credit and Standby Letters of Credit (Independent Undertakings).....	4
5.	Loan Participations .....	4
6.	Nonresidential Real Estate Secured Loans .....	4
7.	Short-term Repurchase Agreements .....	4
8.	Tax Equity Financing .....	4

### **B. Consumer Loans**

1.	Credit Card Loans.....	5
2.	Deposit Account Secured Loans .....	5
3.	Education Loans .....	5
4.	Native American Organization Loans .....	5
5.	Other Personal, Family, or Household Purpose Loans (i.e., consumer loans).....	5

6.	Overdraft Loans .....	5
7.	Stock-Secured Loans.....	5

**C. Residential Loans**

1.	Construction Loans for Residential Real Estate (unsecured).....	6
2.	Home Improvement Loans (unsecured).....	6
3.	Residential Real Estate Secured Loans (secured) .....	6
4.	Shared Appreciation Mortgage (“SAM”) Loans .....	6
5.	Third-Party Loan Origination.....	6
6.	Manufactured Home Financing Loans .....	6
7.	Reverse Mortgages.....	6

**D. Leasing**

1.	Leasing Real or Personal Property .....	7
2.	Residential Net Leasing Arrangements (Sharia-compliant Murabaha Financing Transactions) .....	8

**III. INSURANCE AND ANNUITIES**

1.	Insurance Sales - In General .....	9
2.	Annuities .....	9
3.	Credit Insurance .....	10
4.	Municipal Bond Insurance.....	10
5.	National Trust Companies - Sale of Insurance.....	10
6.	Reinsurance - Credit Insurance .....	10
7.	Reinsurance - Mortgage Insurance.....	11
8.	Safe Deposit Box Liability Insurance .....	11
9.	Self-Insurance.....	11
10.	Title Insurance .....	12
11.	Underwriting of Insurance .....	12

## **IV. SECURITIES AND DERIVATIVES**

1.	Asset Securitization .....	13
2.	Brokerage of Securities.....	13
3.	Clearing and Execution Services .....	14
4.	Derivatives Activities .....	15
5.	Investment Advice .....	15
6.	Mutual Fund Activities.....	17
7.	Securities Lending .....	17
8.	Sweeps .....	17
9.	Underwriting of Securities .....	18
10.	Proprietary Trading.....	18

## **V. TRUST AND OTHER FIDUCIARY SERVICES**

1.	Trust and Other Fiduciary Services .....	19
----	--	----

## **VI. INVESTMENTS**

1.	Agricultural Cooperative.....	21
2.	Agricultural Credit Corporations.....	21
3.	Asset-Backed Securities .....	22
4.	Auction-Rate Securities .....	22
5.	Bank Service Companies.....	23
6.	Bank's Own Stock.....	23
7.	Banker's Acceptances .....	23
8.	Banker's Banks.....	23
9.	Commercial Mortgage-Related Securities .....	24
10.	Commercial Paper .....	24
11.	Community Development/Public Welfare Investments .....	25
12.	Convertible Securities .....	27
13.	Corporate Debt Securities/Bonds .....	27
14.	Deposit Accounts.....	28

15.	Foreign Government Securities, Foreign Exchange, Bullion.....	28
16.	Insurance Company Products; Investment Funds .....	28
17.	Life Insurance (BOLI).....	29
18.	Money Market Preferred Stock .....	29
19.	Mutual Fund Shares .....	29
20.	Non-Controlling Minority Interests (including limited liability companies).....	30
21.	Private Investment Funds .....	31
22.	Real Estate (FSA/NB Premises) .....	31
23.	Real Estate (Other) .....	32
24.	Residential Mortgage-Related Securities.....	33
25.	Retention of Certain Equity Interests .....	33
26.	Small Business Investments .....	33
27.	Trust Preferred Securities.....	34
28.	U.S., State and Local Government Securities.....	34
29.	U.S. Government-Sponsored Corporations Securities .....	35

## **VII. ELECTRONIC BANKING**

### **A. Internet Banking**

1.	Internet Banking.....	36
2.	Internet Banks.....	36

### **B. Electronic Payments**

1.	Automated Loan Machines and Remote Service Units.....	36
2.	Electronic Bill Presentment and Payment .....	37
3.	Electronic Collection System on Behalf of Public Authority.....	37
4.	Electronic Data Interchange (“EDI”) Services .....	37
5.	Stored Value Cards and Other Prepaid Media.....	38

## **C. Software Development and Production**

1.	Bank Activities Software .....	38
2.	Home Banking and Financial Management Software .....	38
3.	Web Design Services.....	38

## **D. Electronic Commerce**

1.	Data Processing .....	39
2.	Digital Certificate Authority (“CA”) Services .....	40
3.	Electronic Correspondent Services.....	41
4.	Electronic Image Processing and Electronic Storage .....	41
5.	Excess Electronic Capacity and By-Products .....	42
6.	Internet Access Services .....	42
7.	Leasing Computer and Telecommunications Equipment.....	42

## **VIII. OTHER CUSTOMER SERVICES**

### **A. Deposit and Currency-Related Services**

1.	Buying/Selling Coins, Bullion, Foreign Exchange .....	43
2.	Cashier’s Checks and Money Orders, Traveler’s Checks, Savings Bonds, Certified Checks.....	44
3.	Check Cashing and Processing, Cash Management, Payment Processing.....	44
4.	Safe Deposit Boxes .....	44

### **B. Lending and Real Estate-Related Services**

1.	Appraisals.....	44
2.	Banker’s Acceptances Issuance .....	45
3.	Credit Card Loss Notification and Monitoring Services.....	45
4.	Debt Cancellation Contracts (“DCCs”) and Debt Suspension Agreements (“DSAs”).....	45
5.	Mortgage Document Custodian .....	45
6.	Real Estate Brokerage.....	45

7.	Real Estate Tax Reporting and Management Services .....	46
8.	Title Abstracting Services .....	46

**C. Other Services**

1.	Automobile Roadside Assistance Programs .....	46
2.	Correspondent Services .....	46
3.	Employee Benefit, Compensation Advisory, and Human Resource Services Consulting.....	47
4.	Escrow Services .....	47
5.	Financial Consulting .....	47
6.	Medical Insurance Services .....	48
7.	Messenger Services .....	48
8.	Payroll Processing Services .....	48
9.	Postal Services .....	49
10.	Printing Services .....	49
11.	Records Access (credit scores, credit reports, social security, medical and motor vehicle records) .....	49
12.	Rewards Programs .....	49
13.	Tax Returns and Planning .....	50
14.	Transaction Finders .....	50
15.	Travel Booking Services for Customers.....	50
16.	Welfare Counseling .....	50

**IX. OFFICE LOCATIONS**

1.	Branches (Home Office and Home State).....	51
2.	Branches (Interstate) .....	51
3.	Foreign Branches .....	52
4.	Interaffiliate Banking Arrangements.....	53
5.	Interstate Banking through Separate Financial Institution Subsidiaries .....	53
6.	Nonbranch Facilities (including Agency Offices, ATMs, POS Terminals, and ALMs) .....	54



**X. ACTIVITIES CONDUCTED THROUGH AFFILIATES**

1. Financial Subsidiaries..... 55  
2. Foreign Subsidiaries and Operations..... 56  
3. Holding Companies ..... 57  
4. Offshore Operating Subsidiary or Service Corporation..... 57  
5. Operating Subsidiaries..... 58  
6. Service Corporations ..... 58

**XII. MISCELLANEOUS**

1. Affinity Relationships..... 60  
2. Borrowing and Other Liabilities ..... 60  
3. Charitable Contributions ..... 60  
4. Leasing of Employees..... 61  
5. Leasing Lobby Space; Sharing Space and Personnel..... 61  
6. Leasing of Personal Property..... 61  
7. Political Contributions ..... 61  
8. Participation in Payment Systems ..... 61  
9. Offering Weight Loss Program to Employees ..... 61

# SUMMARY OF THE POWERS OF NATIONAL BANKS AND FEDERAL SAVINGS ASSOCIATIONS

July 1, 2019

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>I. DEPOSITS</b>		
<b>1. Brokered Deposits</b>	Well capitalized FSAs may accept brokered deposits. Adequately capitalized institutions may accept brokered deposits only if granted a waiver by the FDIC, subject to interest rate restrictions. 12 U.S.C. 1831f; 12 CFR 337.6.	Well capitalized NBs may accept brokered deposits. Adequately capitalized institutions may accept brokered deposits only if granted a waiver by the FDIC, subject to interest rate restrictions. 12 U.S.C. 1831f; 12 CFR 337.6.
<b>2. Demand Deposits (checking accounts), Negotiable Order of Withdrawal (NOW) Accounts, and Money Market Deposit Accounts</b>	FSAs may offer interest and non-interest bearing demand accounts to all customers. FSA also may offer interest-bearing NOW accounts to individuals, non-profit organizations, and government entities. FSAs must reserve the right to require at least 7 days prior notice of withdrawal from NOW accounts. FSAs may offer money market deposit accounts provided they reserve the right to require at least 7 days prior notice of withdrawal or transfer and depositors are authorized to make no more than 6 transfers per month. 12 U.S.C. 1464(b) and 1832; 12 CFR part 157; 12 CFR 161.16, 161.28, and 161.29.	NBs may offer interest and non-interest bearing demand accounts to all customers. NBs also may offer interest-bearing NOW accounts to individuals, nonprofit organizations, and government entities. 12 U.S.C. 24(Seventh) and 1832; 12 CFR 204.130.
<b>3. Public Funds</b>	FSAs may accept deposits of federal government funds and public money, serve as fiscal agents of the federal government, and give security in connection with these activities. 12 U.S.C. 1464(k); 12 CFR 145.16 and 145.101. FSAs also may accept state and local government funds for deposit and give security to the extent state law requires security for such deposits. 12 U.S.C. 1464(b)(1)(A); 12 CFR 145.16.	NBs may accept deposits of public money and may be employed as financial agents of the federal government. NBs may be required to provide security in connection with these activities. NBs also may accept and provide security in connection with the deposit of state or local government funds, as provided by the law of the state in which the NB is located, as well as of Indian tribal funds. 12 U.S.C. 90 and 265; 25 U.S.C. 156 and 25 U.S.C. 162a.

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>4. Special Deposits (receipt of money, financial instruments, or other property for safe-keeping)</b></p>	<p>FSAs may accept special deposits from customers. 12 U.S.C. 1464(b).</p>	<p>NBs may receive special deposits from customers. 12 U.S.C. 24(Seventh); <i>First Natl. Bank of Carlisle v. Graham</i>, 100 U.S. 699 (1880), and <i>Colorado Natl. Bank of Denver v. Bedford</i>, 310 U.S. 41 (1940).</p>
<p><b>5. Time Deposits (CDs, savings accounts, and retirement accounts)</b></p>	<p>FSAs may offer and pay interest on time and savings deposits without significant restriction. 12 U.S.C. 1464(b); 12 CFR 157.10; 157.14, and 161.9. FSAs may issue certificates of deposit with interest rates tied to a stock market index. FHLBB Op. Gen. Couns. (Oct. 26, 1987). FSAs may act as trustee for certain retirement accounts without obtaining trust powers. 12 U.S.C. 1464(l); 12 CFR 150.580.</p>	<p>NBs may offer and pay interest on time and savings deposits without significant restrictions. 12 U.S.C. 24(Seventh). NBs may purchase CDs or participations therein as agent for customers. OCC Interpretive Letter No. 385 (June 19, 1987).</p> <p>NBs may use CDs with interest rates tied to a stock market index. OCC Corporate Decision on the Request by Chase Manhattan Bank, N.A. to Offer the Chase Market Index Investment Deposit Account (August 8, 1988).</p>
<p><b>6. Pledging Assets to Secure Private Deposits</b></p>	<p>FSAs have statutory authority to give security, act as surety, and issue notes, bonds, debentures, other obligations, or other securities to the extent authorized by the OCC. 12 U.S.C. 1464(b)(2). FSAs have the authority to pledge assets to secure the deposits of private depositors. See e.g. Mem. OTS Chief Counsel (January 29, 1991). See 12 U.S.C. 1821(a)(2)(C) and 1464(n) (authority to give or pledge securities).</p>	<p>National banks are prohibited from pledging assets to secure private deposits (see <i>Texas &amp; Pacific Railway Co. v. Portorff</i>, 291 U.S. 245 (1934)), unless otherwise permitted by law. See e.g. 12 U.S.C. 92a (trust funds).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>II. LENDING<sup>1</sup></b>		
<b>A. Commercial Loans</b>		
<b>1. Commercial Loans - In General (secured or unsecured)</b>	FSAs may make commercial loans, subject to a limit of 20% of total assets and provided that amounts in excess of 10% of assets are used only for small business loans. 12 U.S.C. 1464(c)(2)(A); 12 CFR 160.30. Small business loans include any loan to a small business (defined in 13 CFR part 121) or any loan that does not exceed \$2 million and is for commercial, corporate, business, or agricultural purposes. 12 CFR 160.3.	NBs may make commercial loans without percent of assets restrictions. 12 U.S.C. 24(Seventh).
<b>2. Equity Kicker Loans</b>	FSAs generally may make equity kicker loans under the general lending authorities, subject to safety and soundness considerations. See 12 U.S.C. 1464(c).	NBs may accept a share of profit, stock warrants, or stock dividends in lieu of interest, subject to certain limitations. NBs also may finance the acquisition or improvement of real property on which the borrower will operate its business and receive a percentage of the appreciation of the business's value as interest on the loan, subject to certain conditions. OCC Interpretive Letter No. 620 (July 15, 1992); 12 CFR 7.1006. A NB may acquire an indirect interest in real estate to the extent that this furthers its financing activities. OCC Interpretive Letter No. 1048 (December 21, 2005). A NB may accept a share of oil & gas production from a natural resource deposit as repayment on a loan. OCC Interpretive Letter No. 1117 (May 19, 2009).
<b>3. Financial Institution, Broker and Dealer Loans</b>	FSAs may make these loans, provided such loans are secured by assets in which FSAs may invest directly. There is no aggregate limit. The financial institution must be FDIC-insured. The broker or dealer must be registered with the SEC. 12 U.S.C. 1464(c)(1)(L); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).

<sup>1</sup> Loans and extensions of credit made by NBs and FSAs are subject to the legal lending limits on loans to one borrower under 12 U.S.C. 84 and 12 CFR 32. See 12 U.S.C. 1464(u)(1).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
4. <b>Letters of Credit and Standby Letters of Credit (Independent Undertakings)</b>	FSAs may issue ordinary letters of credit and standby letters of credit. 12 CFR 160.50 and 160.120.	NBs may issue letters of credit and standby letters of credit. 12 CFR 7.1016.
5. <b>Loan Participations</b>	FSAs may generally engage in loan participations under the general lending authorities, subject to safety and soundness considerations. See 12 U.S.C. 1464(c).	NBs may generally engage in loan participations under the general lending authorities, subject to safety and soundness considerations. See 12 U.S.C. 24(Seventh). NBs may purchase participation interests in pooled loans. OCC Interpretive Letter No. 579 (Mar. 24, 1992).
6. <b>Nonresidential Real Estate Secured Loans</b>	FSAs may make these loans, subject to an aggregate limit of 400% of capital. FSAs may exceed the limit upon an OCC determination that increased authority poses no significant risk to safe and sound operation and is consistent with prudent operating practices. 12 U.S.C. 1464(c)(2)(B); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh), 371(a); 12 CFR part 34.
7. <b>Short-Term Repurchase Agreements</b>	FSAs may enter into short-term repurchase agreements, subject to prudent controls for the purchase and sale of the repurchase agreement, including lending limits and collateral requirements. FHLBB Op. Dep. Ch. Couns. (June 28, 1988).	This activity is generally permissible for NBs. 12 U.S.C. 24(Seventh).
8. <b>Tax Equity Financing</b>	<p>No express precedential determination. If transaction is the functional equivalent of a loan, FSAs may be authorized to engage in such a transaction under general lending authority. 12 U.S.C. 1464(c).</p> <p>FSA service corporations may engage in such transactions as a community or public welfare investment. 12 CFR 5.59(f)(8).</p>	<p>NBs may engage in equity-based financing in order to make use of tax credits generated by the underlying project as long as the transaction is the functional equivalent of a loan. 12 U.S.C. 24(Seventh). OCC Interpretive Letter No. 1048 (December 21, 2005); OCC Interpretive Letter No. 1139 (November 13, 2013); OCC Interpretive Letter No. 1141 (April 22, 2014).</p> <p>NBs also may engage in such transactions under 12 U.S.C. 24(Eleventh) and 12 CFR part 24 authority. Community Development Investment Letter No. 2011-3 (June 17, 2011); Community Development Investment Letter No. 2012-1 (September 14, 2012); Community Development Investment Letter No. 2013-1 (January 25, 2013).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>B. Consumer Loans</b>		
<b>1. Credit Card Loans</b>	FSAs may make these loans. There is no aggregate limit. 12 U.S.C. 1464(c)(1)(T); 12 CFR 160.3 and 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>2. Deposit Account Secured Loans</b>	FSAs may make these loans. There is no aggregate limit if the savings account or time deposit account is pledged to the FSA and the loan does not exceed withdrawable amount in the account. 12 U.S.C. 1464(c)(1)(A); 12 CFR 160.30.	NBs may make these loans up to the limit of the amount of the deposit. 12 U.S.C. 24(Seventh) and 84.
<b>3. Education Loans</b>	FSAs may make these loans. There is no aggregate limit. 12 U.S.C. 1464(c)(1)(U); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>4. Native American Organization Loans</b>	FSAs may make loans to Native American organizations without regard to the limitations and restrictions of certain federal statutes. 25 U.S.C. 1489.	NBs may make these loans without regard to the limitations and restrictions of certain federal statutes. 25 U.S.C. 1489.
<b>5. Other Personal, Family, or Household Purpose Loans (i.e., consumer loans)</b>	FSAs may make these loans, provided the aggregate amount does not exceed 35% of assets when combined with commercial paper and corporate debt securities. Amounts in excess of 30% of assets are subject to certain conditions. 12 U.S.C. 1464(c)(2)(D); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>6. Overdraft Loans</b>	FSAs may make these loans. However, overdraft credit relating to commercial demand accounts is subject to the commercial lending limit. 12 U.S.C. 1464(c)(1)(A); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>7. Stock-Secured Loans</b>	Loans secured by stock are subject to either the commercial or consumer lending limits, depending upon the purpose of the loan. See 12 U.S.C.1464(c)(2)(A) and (D); 12 CFR 160.30.	NBs may make these loans. 12 U.S.C. 24(Seventh). There is no aggregate limit except Regulation U limits loans to purchase stock. 12 CFR part 221.

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>C. Residential Loans</b>		
<b>1. Construction Loans for Residential Real Estate (unsecured)</b>	FSAs may make these loans provided statutory conditions are met and subject to an aggregate limit equal to the greater of 5% of assets or 100% of capital. 12 U.S.C. 1464(c)(3)(C); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>2. Home Improvement Loans (unsecured)</b>	FSAs may make these loans. There is no aggregate limit. 12 U.S.C. 1464(c)(1)(J); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>3. Residential Real Estate Loans (secured)</b>	FSAs may make, invest in, purchase, sell, participate in, or otherwise deal in loans secured by residential real estate, including reverse mortgages without limitations on percentage of assets. This authority includes loans on manufactured homes, subject to conditions. 12 U.S.C. 1464(c)(1)(B), (J), and (R); 12 CFR 160.30.	NBs may make, arrange, purchase, or sell loans or extensions of credit secured by liens on interests in real estate, including adjustable rate mortgages ("ARMs") and reverse mortgages. 12 U.S.C. 24(Seventh) and 371; 12 CFR 34.3.
<b>4. Shared Appreciation Mortgage ("SAM") Loans</b>	FSAs may make adjustable rate reverse mortgage loans that include an equity share feature, subject to certain conditions including prompt sale. OTS Op. Ch. Couns. (May 3, 1996).	NBs may make SAM loans to developers, subject to certain limitations, for the conversion of residential property into condominium units and receive a fixed amount or percentage of the sales price of each unit sold as a share of the profit, income and earnings. NBs also may finance the acquisition or improvement of real property on which the borrower will operate its business and receive a percentage of the appreciation of the business's value as interest on the loan. OCC Interpretive Letter No. 244 (Jan. 26, 1982); OCC Interpretive Letter No. 620 (July 15, 1992); 12 CFR 7.1006.
<b>5. Third-Party Loan Origination</b>	No express precedential determination.	NBs may compensate others for originating loans for them. 12 CFR 7.1004(a).
<b>6. Manufactured Home Financing Loans</b>	FSAs may make these loans. There is no aggregate limit. 12 U.S.C. 1464(c)(1)(J); 12 CFR 160.30.	NBs may make these loans. There is no aggregate limit. 12 U.S.C. 24(Seventh).
<b>7. Reverse Mortgages</b>	FSAs may make these loans pursuant to their general residential lending authority. See " <b>3. Residential Real Estate Secured Loans</b> ," above.	NBs may make these loans pursuant to their general residential lending authority. See " <b>3. Residential Real Estate Secured Loans</b> ," above.

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>D. Leasing</b>		
<p><b>1. Leasing Real or Personal Property</b></p>	<p>FSAs may engage in general leasing of tangible personal property, including investing in vehicles, manufactured homes, machinery, equipment, or furniture for the purpose of leasing such property, subject to a limit of 10% of assets. 12 U.S.C. 1464(c)(2)(C); 12 CFR 160.30 and 160.41(a) and (d).</p> <p>FSAs may engage in finance leasing activities that are the "functional equivalent of loans" made under various lending authorities, including commercial, business, corporate or agricultural loans, consumer loans and residential and nonresidential real estate loans. To qualify as the functional equivalent of a loan the lease must be: (1) a net, full pay-out lease representing a non-cancelable obligation of the lessee, notwithstanding possible early termination of the lease (a full pay out lease is one in which the scheduled payments provide at least 75% of the principal and interest payments that a lessor would receive if transaction were structured as a loan); (2) estimation of residual value of property must be reasonable in light of nature of leased property and circumstances so that recovery of investment depends primarily on creditworthiness of lessee, not residual value of property; and (3) at termination, the property must be liquidated. Financing leases are subject to the same investment limits as the corresponding loan categories (e.g., commercial leases must fit within commercial lending limits). 12 U.S.C. 1464(c)(1)(B), (c)(2)(A), (c)(2)(B), and (c)(2)(D); 12 CFR 160.41(b) and (c).</p>	<p>NBs may engage in lease financing of personal property pursuant to 12 U.S.C. 24(Tenth) ("CEBA leases"). CEBA leases must meet certain requirements: (1) they must be net leases; (2) they are subject to an aggregate investment limit of 10% of the NB's total consolidated assets; and (3) they must have a minimum lease period of 90 days. These leases are not subject to a maximum residual value. 12 CFR part 23, subpart B.</p> <p>Pursuant to 12 U.S.C. 24(Seventh), NBs also may engage in lease financing if the lease is the functional equivalent of a loan under 12 U.S.C. 24(Seventh). The OCC has interpreted this to mean that § 24(Seventh) leases must be net, full-payout leases. 12 CFR part 23, <i>M &amp; M Leasing Corp. v. Seattle First Natl. Bank</i>, 563 F.2d 1377 (9th Cir. 1977).</p> <p>The OCC also has permitted personal property lease financing transactions with an incidental real estate component. See, e.g., OCC Interpretive Letter No. 770 (Feb. 10, 1997) and Corporate Decision No. 98-35 (June 10, 1998).</p> <p>NBs may own or construct a public facility and lease that facility to a municipal or other public authority, provided the lessee will own the facility at the expiration of the lease. OCC Interpretive Letter No. 847 (October 28, 1998).</p> <p>The OCC has permitted a national bank to expand railcar leasing through an existing leasing operating subsidiary. The subsidiary was required to maintain a segregated cash account for repair and maintenance costs for certain railcar leases that the subsidiary entered into as lessor. Third parties would provide all needed repair and maintenance services and lessees would pay for such services as part of</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>See also OTS Order No. 2010-07 (Jan. 29, 2010); OTS Order No. 2001-53 (Jul. 18, 2001).</p> <p>FSA service corporations may acquire and lease personal property to the general public, FSA service corporations are not subject to investment limits applicable to the FSA. 12 CFR 5.59(f)(3)(ii). FSA service corporations may acquire real estate for leasing to others, for construction of improvements, and may acquire improved real estate or manufactured homes for rental or resale. 12 CFR 5.59(f)(5).</p>	<p>their rent charges paid to the subsidiary. OCC Interpretive Letter No. 1142 (July 10, 2014).</p>
<p><b>2. Residential Net Leasing Arrangements (Sharia-compliant Murabaha financing transactions)</b></p>	<p>No express precedential determination.</p>	<p>NBs may enter into net leases or installment sales of real estate to serve the home finance needs of its customers who are prohibited by religious principles from paying interest and therefore from obtaining traditional mortgages. OCC Interpretive Letter No. 806 (Oct. 17, 1997) and OCC Interpretive Letter No. 867 (June 1, 1999).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>III. INSURANCE AND ANNUITIES</b>		
<b>1. Insurance Sales - In General</b>	<p>FSAs may sell credit-related insurance on an agency basis, without geographic restriction. FSAs selling insurance must comply with applicable state insurance laws. OTS Op. Acting Ch. Couns. (Oct. 17, 1994); OTS Op. Ch. Couns. (Feb. 12, 1996). FSAs may sell credit-related insurance through operating subsidiaries. 12 CFR 5.38(e)(5)(v)(M). FSAs also may underwrite and reinsure credit life and disability insurance, See OTS Op. Chief Couns. (Jan. 10, 1995) and 12 CFR 5.38(e)(5)(v)(I).</p> <p>FSA service corporations may conduct insurance brokerage or agency activities under the authority to conduct any activity other than "as principal basis." 12 CFR 5.59(f)(10). FSA service corporations also may underwrite or reinsure credit insurance. See 12 CFR 5.59(f)(1) (FSA service corporations are authorized to conduct any activity that FSAs may conduct directly). See <i>also</i>, OTS Op. Chief Couns. (Jan. 10, 1995).</p> <p>Retail sales practices, solicitations, advertising, or offers of insurance products by an FSA or persons engaged in these activities at an office of the FSA or on behalf of the FSA are subject to the OCC's consumer protection in sales of insurance regulation. 12 CFR part 14.</p>	<p>NBs may sell, directly or through an operating subsidiary, all types of insurance from any office located in a community of 5,000 or less, even if the NB's main office is located in a town whose population exceeds 5,000 inhabitants. 12 U.S.C. 92, 12 CFR 7.1001. There is no geographic restriction on the scope of the insurance business; banks may "solicit and serve insurance customers anywhere." See <i>NBD Bank, N.A. v. Bennett</i>, 67 F.3d 629 (7th Cir. 1995); <i>Independent Insurance Agents of America, Inc. v. Ludwig</i>, 997 F.2d 958 (D.C. Cir. 1993); <i>Shawmut Bank Connecticut v. Googins</i>, 965 F. Supp. 304 (D. Conn. 1997).</p> <p>Financial subsidiaries of national banks may sell all types of insurance in any state without regard to geographic restrictions. Financial subsidiaries may engage in activities that are "financial in nature." 12 U.S.C. 24a(a)(2)(A)(i). Activities that are financial in nature are defined to include "insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death. . .and acting as. . .agent or broker. . .in any State." See 12 U.S.C. 24a(b)(1)(A)(i) and 1843(k)(4)(B).</p> <p>NBs may not provide insurance as principal unless it is an authorized product. See 15 U.S.C. 6712.</p> <p>Retail sales practices, solicitations, advertising, or offers of insurance products by a NB or persons engaged in these activities at an office of the NB or on behalf of the NB are subject to the OCC's consumer protection in sales of insurance regulation. 12 CFR part 14.</p>
<b>2. Annuities</b>	<p>FSAs may sell fixed annuities on an agency basis, without geographic restriction. OTS Op. Acting Ch. Couns. (Oct. 17, 1994); OTS Op. Ch. Couns. (Feb. 12, 1996).</p>	<p>NBs may sell annuities without regard to the place of 5,000 restriction in 12 U.S.C. 92 on the sale of insurance products. <i>Nationsbank v. Variable Annuity Life Insurance Co.</i>, 513</p>

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		U.S. 251 (1995). Operating subsidiaries may act as agent or broker in the sale of fixed or variable annuities. 12 CFR 5.34(e)(5)(v)(T). For investment purposes, fixed rate annuities are treated as a debt security. OCC Interpretive Letter No. 1021 (Feb. 17, 2005).
<b>3. Credit Insurance</b>	FSAs may sell credit-related insurance on an agency basis, without geographic restriction. OTS Op. Acting Ch. Couns. (Oct. 17, 1994); OTS Op. Ch. Couns. (Feb. 12, 1996). FSAs also may underwrite or reinsure credit insurance through operating subsidiaries and, with OCC approval, through service corporations. 12 CFR 5.38(e)(5)(v)(I) and 5.59(f)(1).	NBs may underwrite, reinsure, or act as agent in the sale of credit life, accident, disability and health (“credit related insurance products”) in connection with consumer and mortgage loans made by the NB and affiliated and unaffiliated lenders. There is no geographic restriction on NB sales of insurance under this authority. 12 U.S.C. 24(Seventh); 12 U.S.C. 6712; 12 CFR part 2; 12 CFR 5.34(e)(5)(v)(L); Conditional Approval No. 334 (Oct. 30, 1999); Corporate Decision No. 98-31 (May 26, 1998); Corporate Decision No 98-28 (May 11, 1998); Corporate Decision No 97-92 (Oct. 17, 1997); OCC Interpretive Letter No. 277 (Dec. 21, 1983); OCC Interpretive Letter No. 283 (Mar. 16, 1984); OCC Interpretive Letter No. 886 (Mar. 27, 2000); <i>IBAA v. Heimann</i> , 613 F.2d 1164 (D.C. Cir. 1979), <i>cert. denied</i> , 449 U.S. 823 (1980).
<b>4. Municipal Bond Insurance</b>	No express precedential determination.	NBs may underwrite municipal bond insurance. OCC Interpretive Letter No. 338 (May 2, 1985); <i>American Insurance Association v. Clarke</i> , 656 F. Supp. 404 (D.D.C. 1987), <i>aff'd</i> , 865 F.2d 278 (D.C. Cir. 1989).
<b>5. National Trust Companies - Sale of Insurance</b>	No express precedential determination.	National trust companies may sell insurance pursuant to 12 U.S.C. 92 from a trust office that is located in a place-of-5,000 if the office performs core fiduciary functions, including accepting fiduciary appointments, executing trust documents, and making decisions regarding the investment and distribution of fiduciary assets. OCC Interpretive Letter No. 877 (Dec. 13, 1999).
<b>6. Reinsurance - Credit Insurance</b>	FSAs may reinsure credit insurance through operating subsidiaries, and, with OCC approval, through service corporations. 12 CFR 5.38(e)(5)(v)(I) and 5.59(f)(1). See also OTS Op. Chief Couns. (Jan. 10, 1995).	NBs may provide reinsurance of credit life, accident, health and disability insurance written in connection with loans extended by a bank and affiliated and unaffiliated lenders under the “authorized product” exception of section 302 of

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	FSA service corporations may reinsure consumer loans and home equity loans. OTS Order No. 2002-12.	the Gramm-Leach-Bliley Act. 12 CFR 5.34(e)(5)(v)(L); OCC Interpretive Letter No. 743 (Oct. 17, 1996); Corporate Decision No. 2001-10 (Apr. 23, 2001); Corporate Decision No. 2000-16 (Aug. 29, 2000).
<b>7. Reinsurance - Mortgage Insurance</b>	<p>FSAs may participate in a reciprocal mortgage guaranty reinsurance program. OTS Ops. Ch. Couns. (Mar. 11, 1999) and (May 13, 2004).</p> <p>FSA service corporations may reinsure private mortgage insurance on loans originated or purchased by the parent FSA's affiliate. 12 CFR 5.59(f)(1). Op. Ch. Couns. (Nov. 2, 1998). OCC will consider on a case-by-case basis FSA service corporation applications to engage in mortgage reinsurance activities. See OTS Op. BTD (Oct. 10, 1997) and OTS Order No. 97-107 (Oct. 10, 1997) (second tier FSA service corporation may reinsure a portion of private mortgage insurance issued by third party underwriters on loans originated by the FSA or its mortgage lending subsidiaries). OTS Order No. 2004-14 (Apr. 6, 2004); OTS Order No. 2002-48 (Oct. 24, 2002); OTS Order No. 2002-29 (Aug. 5, 2002); OTS Order No. 2002-14 (Apr. 29, 2002); OTS Order No. 2002-13 (Apr. 29, 2002); OTS Order No. 2002-12 (Apr. 8, 2002); OTS Order No. 2001-62 (Oct. 1, 2001); OTS Order No. 2001-26 (Apr. 12, 2001).</p>	<p>NBs may reinsure mortgage insurance on loans originated, purchased, or serviced by the bank, its subsidiaries, or its affiliates. 12 CFR 5.34(e)(5)(v)(Q); OCC Interpretive Letter No. 743 (Oct. 17, 1996); Corporate Decision No. 99-02 (Dec. 11, 1998). A NB's captive mortgage reinsurance subsidiary may enter a mortgage reinsurance agreement with a Cayman Island segregated portfolio company to reinsure private mortgage insurance on loans originated or purchased by the NB or one of its affiliates. OCC Interpretive Letter No. 862 (June 7, 1999).</p> <p>NBs may participate in a mortgage reinsurance exchange where the exchange will provide for the reinsurance of private mortgage insurance on loans originated or purchased by participating lenders. OCC Interpretive Letter No. 828 (Apr. 6, 1998).</p>
<b>8. Safe Deposit Box Liability Insurance</b>	No express precedential determination.	NBs may establish an operating subsidiary to underwrite safe deposit box liability insurance for the safe deposit boxes of the NB and its affiliates. Corporate Decision No. 97-92 (Oct. 17, 1997).
<b>9. Self-Insurance</b>	FSAs may self-insure mortgage loans with an LTV between 80% and 90%. Interagency Guidelines for Real Estate Lending Policies, 12 CFR. 160.101 (Appendix).	NBs may establish an operating subsidiary to serve as a captive insurance company for the purpose of underwriting insurance coverage on the operating risks of the parent bank and its affiliates. Corporate Decision No. 99-03 (Dec. 21, 1998); OCC Interpretive Letter No. 845 (Oct. 20, 1998).

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		NBs may participate in a group to self-insure group members' workers' compensation obligations. OCC Interpretive Letter No. 1022 (February 15, 2005).
<b>10. Title Insurance</b>	<p>FSAs may make pass-through investments in title insurance agencies and have incidental authority to sell title insurance on an agency basis. 12 CFR 5.58(e)(1) (pass-through investments); 12 CFR 5.38(e)(5)(v)(M) (authority for operating subsidiaries to sell title insurance as agent or broker); OTS Op. Ch. Couns. (June 23, 2006).</p> <p>FSA service corporations may engage in title insurance brokerage or agency. 12 CFR 5.59(f)(1) and (10). OTS Order No. 2002-61 (Dec. 10, 2002).</p>	<p>NBs are prohibited from engaging in "any activity involving the underwriting or sale of title insurance" with 2 exceptions: (1) NBs may sell title insurance in a state where a state bank is permitted to sell title insurance, but only "in the same manner, to the same extent, and under the same restrictions" as the state bank; and (2) a NB and its subsidiaries may "conduct title insurance activities" that the NB or the subsidiary "was actively and lawfully conducting" before Nov. 12, 1999 (enactment date of Gramm-Leach-Bliley Act). 15 U.S.C. 6713.</p> <p>A financial subsidiary of a NB may sell but not underwrite title insurance. 12 U.S.C. 24a; See 12 CFR 5.39(e)(1)(ii). The OCC has opined that title insurance agency activities authorized for financial subsidiaries are not subject to the prohibition that applies to NBs under 15 U.S.C. 6713(a), and that the state bank parity provision in 15 U.S.C. 6713(b)(1) is not relevant to a financial subsidiary because it is not subject to the general prohibition. See OCC Corporate Decision No. 2000-14 (Aug. 17, 2000).</p>
<b>11. Underwriting of Insurance</b>	FSAs may underwrite credit insurance through operating subsidiaries provided such insurance is issued in connection with loans made by the FSA or the FSA's subsidiaries and, with OCC approval, may do so through service corporations. 12 CFR 5.38(e)(5)(v)(I)(operating subsidiaries); 12 CFR 5.59(f)(1) (service corporations); OTS Op. Ch. Couns. (Jan. 10, 1995).	NBs may underwrite any insurance products that are "authorized products" under 15 U.S.C. 6712(b). A product is "authorized" if as of Jan. 1, 1999, the OCC had determined in writing that national banks may provide the product as principal or national banks were lawfully providing the product as principal and a court of competent jurisdiction had not overturned an OCC decision permitting national banks to offer the product. In addition, the product may not be title insurance of a specified type of annuity contract. 15 U.S.C. 6712.

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<b>IV. SECURITIES AND DERIVATIVES<sup>2</sup></b>		
<b>1. Asset Securitization</b>	<p>Generally, FSAs may use asset securitization to sell any type of loans or other credit receivables they are authorized to originate or purchase under their authority to invest in, sell, or otherwise deal in such loans and investments. OTS Op. Chief Counsel (Sept. 14, 2004). However, under the joint regulation implementing DFA section 941(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA), an FSA that acts as "securitizer" (or in some cases "originator") is required to retain not less than 5% of the credit risk of any asset sold, conveyed or transferred through the issuance of an asset backed security, unless the assets in the securitization are qualified residential mortgages, meet specified underwriting standards or are otherwise exempt from the risk retention requirements of DFA section 941(b) and its implementing regulation. An FSA will be prohibited from directly or indirectly hedging or otherwise transferring the credit risk that it is required to retain. 12 CFR part 43.</p> <p>An FSA that engages directly in the sale of its securitized assets is exempt from SEC broker-dealer registration requirements if certain conditions are met. However, the public offering may be registered under the securities laws. 15 U.S.C. 78c(a)(4)-(6).</p>	<p>A NB may securitize and sell assets that it holds, as part of its banking business. The amount of securitized loans and obligations that a bank may sell is not limited to a specified percentage of the bank's capital and surplus. 12 CFR 1.3(g). However, under the joint regulation implementing DFA section 941(b), a NB that acts as "securitizer" (or in some cases "originator") is required to retain not less than 5% of the credit risk of any asset sold, conveyed or transferred through the issuance of an asset backed security, unless the assets in the securitization are qualified residential mortgages, meet specified underwriting standards, or are otherwise exempt from the risk retention requirements of DFA section 941(b) and its implementing regulation. A NB is prohibited from directly or indirectly hedging or otherwise transferring the credit risk that it is required to retain. 12 CFR part 43.</p> <p>An NB that engages directly in the sale of its securitized assets is exempt from SEC broker-dealer registration requirements if certain conditions are met. However, the public offering may be registered under the securities laws. 15 U.S.C. 78c(a)(4)-(6).</p>
<b>2. Brokerage of Securities</b>	<p>FSAs conducting broker and dealer activities are subject to SEC registration under the Securities Exchange Act of 1934 to the same extent as are banks conducting those activities.</p>	<p>NBs directly and without registering with the SEC may engage in some types of securities broker-dealer activities, subject to certain conditions, including certain classes of</p>

<sup>2</sup> The entries that follow generally identify and summarize securities-related activities that are authorized under the National Bank Act and the Home Owners' Loan Act (HOLA). These activities also may be subject to additional laws and regulations, including restrictions imposed under the Dodd-Frank Wall Street Reform and Consumer Protection Act, e.g., Title VII generally (regulation of over-the-counter swaps markets); 15 U.S.C. 8305 (Section 716 of Title VII); the Volcker Rule (12 U.S.C. 1851; 12 CFR part 44); and credit risk retention rules (12 CFR part 43). Institutions must comply with all laws that apply to a particular activity.

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	<p>FSA subsidiaries that are not themselves FSAs are not considered “banks” for this purpose and are required to register with the SEC as broker-dealers. 15 U.S.C. 78c(a)(4) and (6); 12 CFR part 218; 17 CFR part 247.</p> <p>FSAs issuing debt or equity securities are subject to the OCC’s securities offering disclosure rules in 12 CFR part 16.</p> <p>Generally, debt or equity securities issued by the FSA or its affiliate may not be offered or sold on the premises of the FSA. Various exceptions apply, including if the securities are offered or sold by a third-party SEC-registered broker/dealer. 12 CFR 16.10 and 163.76.</p> <p>FSAs may enter into networking arrangements such as contracts with registered broker-dealers for the provision of brokerage services to customers. See RB 32-34 (Jan. 7, 2004).</p> <p>FSA service corporations are authorized to perform the following securities activities and related services: (1) execute securities transactions on an agency or riskless principal basis solely for the account of customers; (2) investment advice; (3) liquidity management; and (4) issuing notes, bonds, debentures, or other obligations or securities. 12 CFR 5.59(f)(6) and 5.59(f)(10). FSAs must comply with any federal law that requires registration with the SEC for these activities.</p>	<p>securities such as commercial paper, bankers acceptances, and Canadian government obligations, as well as transactions for trust customers, private placements, issuance and sales of certain asset-backed securities, transactions for certain stock purchase plans, and transactions in “identified banking products” (including generally deposit instruments, banker’s acceptances, loan participations, and derivatives). 15 U.S.C. 78c(a)(4)-(5).</p> <p>NBs may enter into networking arrangements in which securities brokerage services are made available to bank customers by a broker-dealer using leased space on bank premises. 15 U.S.C. 78c(a)(4)(B)(i); 12 CFR 7.3001; OCC Interpretive Letter No. 406 (August 4, 1987); OCC Interpretive Letter No. 407 (August 4, 1987); and OCC Interpretive Letter No. 408 (August 4, 1987).</p> <p>A NB that engages directly in the sale of its securitized assets is exempt from SEC broker-dealer registration requirements if certain conditions are met. 15 U.S.C. 78c(a)(4)-(6).</p> <p>An NB that issues debt or equity securities is subject to the OCC’s securities offering disclosure rules in 12 CFR part 16.</p> <p>NB subsidiaries engaging in brokerage activities are required to register with the SEC as broker-dealers. 12 U.S.C. 24(Seventh); 15 U.S.C. 78c(a)(4)-(5).</p> <p>A NB may acquire an indirect non-controlling interest in an entity that will provide online securities trading and related services. OCC Interpretive Letter No. 889 (Apr. 24, 2000).</p>
<p><b>3. Clearing and Execution Services</b></p>	<p>FSAs may conduct certain securities clearing and related activities. 12 CFR 5.38 (operating subsidiaries). OTS Op. Ch. Couns. (Nov. 28, 2006). See also OTS Op. Ch. Couns. (June 13, 1994).</p>	<p>NBs may execute and clear certain securities and derivatives transactions. OCC Interpretive Letter No. 494 (Dec. 20, 1989); OCC Interpretive Letter No. 1014 (Jan. 10, 2005).</p>

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		To facilitate clearing activities, NBs may become members of certain clearinghouses with potentially unlimited liability for member defaults, provided the bank establishes a risk management framework and limits its exposure to the limits of 12 U.S.C. 84 or a lower limit. OCC Interpretive Letter No. 1113 (Mar. 4, 2009) (ICE US Trust); OCC Interpretive Letter No. 1122 (July 30, 2009) (ICE Europe).
<b>4. Derivatives Activities</b>	FSAs may engage in transactions involving a financial derivative ( <i>i.e.</i> , futures, forward contracts, options, and swaps) if they are authorized to invest in the assets underlying the financial derivative, the transaction is safe and sound, and the FSA’s board of directors and management oversees the activity as set forth in 12 CFR 163.172, including keeping records on that activity. In general, if the FSA engages in a transaction involving a financial derivative, it should do so to reduce its risk exposure. 12 CFR 163.172(b)(3).	NBs may engage in derivative activities (including swaps, futures, forwards, and options) referencing bank-permissible assets. <i>See, e.g.</i> , OCC Interpretive Letter No. 1064 (July 13, 2006); OCC Interpretive Letter No. 1047 (Dec. 20, 2005); OCC Interpretive Letter No. 414 (Feb. 11, 1988); and OCC Interpretive Letter No. 260 (June 27, 1983). Subject to certain conditions and limitations, NBs also may engage in derivative activities referencing certain bank-impermissible assets as part of a customer-driven financial intermediation business. <i>See, e.g.</i> , OCC Interpretive Letter No. 1160 (Aug. 22, 2018); OCC Interpretive Letter No.1039 (Sept. 13, 2005); and OCC Interpretive Letter No. 1065 (July 24, 2006). Subject to certain conditions and limitations national banks may hold equity securities or physical commodities to hedge a customer driven financial intermediation business. OCC Interpretive Letter No. 632 (June 30, 1993) and OCC Interpretive Letter No.892 (Sept. 13, 2000).
<b>5. Investment Advice</b>	<p>FSAs with trust powers may provide investment advice for a fee to any customer through a trust department. 12 CFR 150.30(j).</p> <p>FSAs must register when acting as an investment adviser to a mutual fund unless those activities are conducted through a separately identifiable department or division (SIDDD), in which case only the SIDDD must register. 15 U.S.C. 80b-2(a)(2), 80b-2(a)(11)(A) and 80b-2(a)(26).</p>	<p>A bank that provides investment advice for a fee is acting in a fiduciary capacity. 12 U.S.C. 24(Seventh) and 92a and 12 CFR part 9.</p> <p>NBs must register when acting as an investment adviser to a mutual fund, unless those activities are conducted through a separately identifiable department or division (SIDDD), in which case only the SIDDD must register. 15 U.S.C. 80b-2(a)(11)(A) and 80b-2(a)(26).</p> <p>A NB may establish an operating subsidiary to provide, as agent, private placement and related advisory services and</p>



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	<p>Financial advice or consulting for business clients or consumers is an authorized activity for an FSA service corporation. 12 CFR 5.59(f)(2)(iv) and (4)(i).</p> <p>FSAs may engage in private placement of investment grade securities. OTS Order No. 2006-23 (June 1, 2006).</p> <p>FSAs may collect referral fees for referring small business customers to a registered investment adviser for investment management services, subject to certain limitations. OTS Op. Ch. Couns. (May 5, 2000).</p> <p>FSA service corporations are authorized to execute securities transactions on an agency or riskless principal basis solely for the account of customers and may provide investment advice. Registration with SEC may be required. 12 CFR 5.59(f)(6).</p>	<p>to accept performance-linked compensation, including warrants, as the compensation for such services. Neither the NB nor its subsidiary may exercise any warrants, however. 12 CFR 7.1006. OCC Corporate Decision No. 2000-02 (Feb. 25, 2000). A NB may acquire a LLC as an operating subsidiary that serves as general partner to a limited partnership used as an investment vehicle for NB clients. The LLC serves as the sole general partner of a private equity fund (Fund). The NB has the sole membership interest in the LLC and may not guaranteed any of the liabilities of the LLC or the Fund. The LLC's investment in the Fund will be limited to the \$1,000 the LLC contributes to the Fund in order to serve as its general and tax matters partner. OCC Corporate Decision No. 2000-7 (May 10, 2000).</p> <p>A NB may acquire a non-controlling investment in a SEC registered investment advisory company when the investment advisory company owns limited equity interests in investment funds to which it provides investment advisory and related services. The limited interests are necessary for the company to engage in bank permissible investment advisory activities due to investor demands, industry practices, and competitive factors. OCC Interpretive Letter No. 897 (Oct. 23, 2000).</p> <p>A NB may advise state, local and foreign governments on financing projects. NBs that offer these services may be required to register with the SEC as municipal advisors under 15 U.S.C. 78o-4(a) and the rules thereunder.</p> <p>A NB, in exchange for a finder's fee, may agree to refer bank customers to a registered investment adviser with personnel on the bank's premises, and the adviser may manage investment management accounts with the bank's fiduciary customers under separate sub-adviser agreements with the bank. OCC Interpretive Letter No. 850 (Jan. 27, 1999).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>When necessary or useful for competitive reasons, a NB may acquire for limited periods of time, interests in private investment funds for which it serves as investment manager and the bank may accept, as compensation for its investment advice, interests in an investment fund for which the bank acts as investment advisor. OCC Interpretive Letter No. 940 (May 24, 2002). <i>See also</i> Conditional Approval No. 578 (February 27, 2003).</p> <p>A NB may issue financial warranties in connection with its activities as a consultant and advisor to a principal protected mutual fund. 12 CFR 7.1017; OCC Interpretive Letter No. 1010 (Sept. 7, 2004).</p>
<p><b>6. Mutual Fund Activities</b></p>	<p>FSAs may (1) act as custodian, transfer agent, and investment adviser to a mutual fund (investment company), and (2) broker both proprietary and third party mutual funds. Subsidiaries must register with the SEC under the securities laws when engaging in securities brokerage activities or acting as an investment adviser to a mutual fund. 15 U.S.C. 78(c)(4)-(6), 80b-2(a)(11). FSAs must register with the SEC when acting as an investment adviser to a mutual fund, unless the services are performed through a SIDD. 15 U.S.C. 80b-2(a)(11)(A), 80b-2(a)(26).</p> <p>FSA service corporations may sponsor, advise, and distribute mutual funds, in addition to brokering both proprietary and third party mutual funds, with OCC approval. 12 CFR 5.59(f)(6)(i). <i>See</i> FHLBB Res. No. 88-237.</p>	<p>NBs may: (1) act as custodian, transfer agent, and investment adviser to a mutual fund (investment company), and (2) broker both proprietary and third party mutual funds. Subsidiaries must register with the SEC under the securities laws when engaging in securities brokerage activities or acting as an investment adviser to a mutual fund. 12 U.S.C. 24(Seventh); 15 U.S.C. 78(c)(a)(4)-(6), 80b-2(a)(11). NBs must register with the SEC when acting as an investment adviser to a mutual fund, unless the services are performed through a SIDD. 15 U.S.C. 80b-2(a)(11)(A) and (a)(26).</p>
<p><b>7. Securities Lending</b></p>	<p>FSAs may engage in securities lending, including conduit lending, with respect to any type of security the FSA may invest in under 12 U.S.C. 1464(c). OTS Op. Ch. Couns. (Nov. 28, 2006). <i>See also</i> OTS Op. Ch. Couns. (June 13, 1994).</p>	<p>NBs may engage in securities lending activities, including "conduit" lending, as part of their custody services. OCC Interpretive Letter No. 1026 (Apr. 27, 2005).</p>
<p><b>8. Sweeps</b></p>	<p>FSAs may establish sweep arrangements using government securities repurchases. FSAs also may sweep</p>	<p>NBs may offer sweep accounts to retail customers. 12 U.S.C. 24(Seventh). NBs may sweep funds from a corporate</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>funds out of the thrift for investment in mutual funds overnight, subject to certain conditions. OTS Op. Ch. Couns. (Mar. 2, 1998). <i>See also</i> OTS Op. Ch. Couns. (Aug. 1, 2000) (FSA may provide one way sweep arrangements to commercial depositors). FSAs offering these services should be aware of the recordkeeping and confirmation requirements of 12 CFR part 151, as well as the requirements of Regulation R, 12 CFR part 218.</p>	<p>demand deposit account to a proprietary money market mutual fund account to purchase fund shares. OCC Interpretive Letter No. 760 (Nov. 14, 1996) and OCC Interpretive Letter No. 688 (May 31, 1995). NBs offering these services should be aware of the recordkeeping and confirmation requirements of 12 CFR part 12, as well as the requirements of Regulation R, 12 CFR part 218.</p>
<p><b>9. Underwriting of Securities</b></p>	<p>FSAs may underwrite without specific limitations federal government and certain government-sponsored enterprise securities. 12 U.S.C. 1464(c)(1)(C)-(F), 12 CFR 160.30. FSAs may, subject to certain restrictions, underwrite and deal in the following types of securities issued by states and their political subdivisions: (1) general obligation bonds; (2) municipal revenue bonds; and (3) municipal notes. FSAs may not invest more than 10% of capital in state or municipal non-general obligation securities of any one issuer. Additional supervisory limits and conditions may apply. 12 U.S.C. 1464(c)(1)(H); 12 CFR 160.30; OTS Op. Ch. Couns. (Oct. 29, 2001).</p> <p>FSAs may own, sell, underwrite, and deal in asset-backed securities. 12 CFR 5.38(e)(5)(v)(L) (operating subsidiaries). OTS Op. Ch. Couns. (Sept. 14, 2004).</p> <p>FSA may underwrite and deal in, or make private placements of, debt securities issued by the FSA or third parties whose debt securities are rated investment grade. OTS Order 2006-23 (June 1, 2006).</p> <p>FSA service corporations may underwrite and deal in municipal securities. OTS Op. Ch. Couns. (June 19, 2001).</p>	<p>NBs may underwrite without specific limitations general obligations of the U.S. and Canada and of the states, provinces, and political subdivisions thereof, as well as the obligations of certain government-sponsored entities. NBs also may underwrite certain other specialized obligations issued for housing, dormitory, and university purposes subject to a limitation of 10% of capital and surplus. Well capitalized banks also may underwrite municipal revenue bonds without limit. 12 U.S.C. 24(Seventh); 12 CFR 1.3.</p> <p>Financial subsidiaries may engage in securities underwriting. 12 U.S.C. 24a, 1843(k)(4). <i>See also</i> Conditional Approval No. 351 (Jan. 28, 2000).</p>
<p><b>10. Proprietary Trading</b></p>	<p>An FSA that is subject to the Volcker Rule generally may not engage in proprietary trading, defined as engaging as principal for the trading account of the banking entity in any purchase or sale of one or more financial instruments.</p>	<p>A NB that is subject to the Volcker Rule generally may not engage in proprietary trading, defined as engaging as principal for the trading account of the banking entity in any purchase or sale of one or more financial instruments.</p>

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	However, there are a number of exclusions and exemptions to this prohibition. 12 CFR part 44.	However, there are a number of exclusions and exemptions to this prohibition. 12 CFR part 44.
<b>V. TRUST AND OTHER FIDUCIARY SERVICES<sup>3</sup></b>		
<b>1. Trust and Other Fiduciary Services</b>	<p>With OCC approval, FSAs may act in any fiduciary capacity in which state banks, trust companies, or other corporations that compete with FSAs are permitted to act under the laws of the state in which the FSA is located. 12 U.S.C. 1464(n); 12 CFR 5.26, 12 CFR part 150; OTS Ops. Ch. Couns. (May 5, 1995); (Mar. 28, 1996); and (Oct. 28, 2004).</p> <p>FSAs may market trust services interstate without regard to state laws that prohibit foreign fiduciaries from marketing. 12 CFR 150.130(b)(1); 12 CFR 150.136; OTS Op. Ch. Couns. (June 21, 1996).</p> <p>FSAs may perform ancillary services pursuant to serving as testamentary trustee or holding real estate in trust without being deemed located in states where incidental services are provided. 12 CFR 5.26(e)(6)(iii), 12 CFR 150.60; OTS Op. Ch. Couns. (Aug. 8, 1996). See OTS Op. Ch. Couns. (July 1, 1998) (incidental services to pre-need funeral trusts); OTS Op. Ch. Couns. (Dec. 21, 1998) (FSAs may pay referral fees to third parties for referral of trust business); OTS Op. Ch. Couns. (Oct. 17, 1995) (FSAs may provide ministerial support services as agent for unaffiliated trust company); OTS Op. Ch. Couns. (Nov. 22, 1995) (FSAs with trust powers, in conducting trust activities, may contract with affiliate to provide management and advisory services).</p> <p>FSAs may establish or utilize an office in any state to perform activities that are ancillary to the FSA's fiduciary business. Ancillary activities include advertising, marketing,</p>	<p>With OCC approval, NBs may act in a fiduciary capacity to the same extent as state banks, trust companies or other local competitors are permitted to act under the laws of the state in which the NB is located. 12 U.S.C. 92a; 12 CFR 12 CFR 5.26, 12 CFR 9.7. NBs may establish trust companies as operating subsidiaries in any state without regard to the branching restrictions of 12 U.S.C. 24(Seventh), 12 U.S.C. 36, and 12 U.S.C. 92a; 12 CFR part 9 and 12 CFR 5.26; OCC Interpretive Letter No. 695 (Dec. 8, 1995). NBs with fiduciary powers may serve trust customers nationwide, including at trust representative offices where the bank performs services for trust customers but does not conduct any core activities that would deem it to be a branch (<i>i.e.</i>, receive deposits, pay checks, or lend money) without regard to state requirements that restrict entry, offices, marketing, or otherwise attempt to limit the exercise of lawful NB fiduciary business, including licensing requirements. 12 CFR 5.26 and 9.7; OCC Interpretive Letter No. 866 (Oct. 8, 1999); OCC Interpretive Letter No. 872 (Oct. 28, 1999); and OCC Interpretive Letter No. 1106 (Oct. 10, 2008).</p> <p>NBs may limit their operations to those of a trust company and activities related thereto. 12 U.S.C. 27(a).</p> <p>NBs may invest fiduciary assets in collective investment funds (CIFs). 12 CFR 9.18. NBs may charge a different management fee to CIF participants commensurate with the amount and types of services it provides to participants. OCC Interpretive Letter No. 829 (Apr. 9, 1998). NBs may invest assets of tax-exempt employee benefit accounts held</p>

<sup>3</sup> *Id.*

POWER	FEDERAL SAVINGS ASSOCIATIONS (“FSAs”)	NATIONAL BANKS (“NBs”)
	<p>or soliciting fiduciary business, contacting customers, answering questions, and providing information. FSAs may exercise trust powers through agency offices located in any state that authorizes state banks or other companies to act as fiduciaries, subject to any necessary OCC approvals. 12 CFR 5.26; 12 CFR 150.70, 12 CFR 150.130(b)(2), and 12 CFR 150.136; OTS Op. Ch. Couns. (Mar. 28, 1996).</p> <p>FSAs may act in the fiduciary capacities of trustee; executor; administrator; registrar of stocks and bonds; transfer agent; assignee; receiver; guardian or conservator of the estate of a minor, an incompetent person, an absent person, or a person over whose estate a court has taken jurisdiction, other than under bankruptcy or insolvency laws; a fiduciary in a relationship established under a state law that is substantially similar to the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act as published by the American Law Institute; investment adviser, if the FSA receives a fee for its investment advice; any capacity in which the FSA has investment discretion on behalf of another; and any other similar capacity authorized by the OCC under 12 U.S.C. 1464(n). 12 CFR 150.30.</p> <p>Subject to the requirements of 12 CFR 150, subpart E, FSAs do not need OCC approval if they act as (a) trustee of a trust created or organized in the U.S. and forming part of a stock bonus, pension, or profit-sharing plan qualifying for specific tax treatment under section 401(d) of the Internal Revenue Code of 1954 (26 U.S.C. 401(d)); or (b) trustee or custodian of an Individual Retirement Account within the meaning of section 408(a) of the Internal Revenue Code of 1954 (26 U.S.C. 408(a)). 12 U.S.C. 1454(l); 12 CFR 150.580.</p> <p>FSAs with trust powers may provide investment advice to customers for a fee. 12 CFR 150.30(j).</p>	<p>by the bank “in any capacity (including agent)” in part 9 CIFs, provided the fund itself is exempt from federal taxation. 12 CFR 9.18(a)(2)(ii); OCC Interpretive Letter No. 884 (Jan. 13, 2000). A NB may pool individual fiduciary accounts and self-deposit them in a short-term investment fund. See 12 CFR 9.18. NBs may operate special exemption CIFs denominated in Euros, through which customers may lend Euro-denominated securities. OCC Interpretive Letter No. 1154 (Sept. 25, 2015).</p> <p>NBs may act in the fiduciary capacities of trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gifts to minors act; investment adviser, if the bank receives a fee for its investment advice; any capacity in which the bank possesses investment discretion on behalf of another; or any other similar capacity that the OCC authorizes pursuant to 12 U.S.C. 92a. 12 CFR 9.2(e).</p> <p>NBs with fiduciary powers may engage in certain real estate brokerage and related activities as a fiduciary (e.g., management of real property as agent or trustee for its customers). OCC Interpretive Letter No. 265 (July 14, 1983). NBs are not subject to state laws that require this business to be performed in a particular structure.</p> <p>With respect to a debt securities issuance, a national bank may act both as indenture trustee and as creditor until 90 days after default, if the bank maintains adequate controls to manage the potential conflicts of interest. 12 CFR 9.100.</p> <p>A bank that provides investment advice for a fee may be acting in a fiduciary capacity. 12 CFR 9.101; OCC Interpretive Letter No. 769 (Jan. 28, 1997).</p>

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	FSAs may pay referral fees to third parties that refer trust business to the FSA. OTS Op. Ch. Couns. (Dec. 21, 1988).	
<b>VI. INVESTMENTS<sup>4</sup></b>		
<b>1. Agricultural Cooperatives</b>	No express precedential determination.	Under 12 CFR part 24, a NB may purchase common stock in an agricultural cooperative, where the bank's liability was limited to the amount of its equity investment. Community Development Investment Letter No. 2001-4 (Sept. 4, 2001); National Bank Community Development Investments 2001 Directory.
<b>2. Agricultural Credit Corporations</b>	No express precedential determination.	NBs may purchase stock of a corporation organized to make loans to farmers and ranchers for agricultural purposes. An investment in such an agricultural credit corporation may not exceed 20 percent of a NB's capital and surplus, unless the NB owns at least 80 percent. 12 U.S.C. 24(Seventh).

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<sup>4</sup> *Id.*

POWER	FEDERAL SAVINGS ASSOCIATIONS (“FSAs”)	NATIONAL BANKS (“NBs”)
<p><b>3. Asset-Backed Securities</b></p>	<p>FSAs may own, sell, underwrite, and deal in asset-backed securities either as an express power under HOLA or as an incidental power. FSAs may use asset securitization to sell any type of loan or other credit receivable they are authorized to originate or purchase. Assets typically securitized include: (1) credit card receivables; (2) automobile receivable paper; (3) commercial and residential first mortgages; (4) commercial loans; (5) home equity loans; and (6) student loans. Further, unrated asset backed securities such as interests in loans or pools of loans that an FSA may invest in directly are not prohibited by 12 U.S.C. 1831e. Eligibility to invest and aggregate limit on investment depends upon type of asset securitized. There is no aggregate limit for mortgage-backed securities. OTS Op. Ch. Couns. (Sept. 14, 2004); 12 CFR 160.30.</p>	<p>NBs may invest in asset-backed securities that qualify as Type I securities (e.g., FNMA securities) or Type IV securities (e.g., small business-related securities that are fully secured by interests in a pool of loans to numerous obligors) without limit. Investments in asset-backed securities that are Type II securities are subject to a limit of 10% of capital and surplus. In addition, NBs may invest up to 25% of capital and surplus in marketable investment grade securities that are fully secured by interests in a pool of loans to numerous obligors and in which a NB may invest directly (Type V securities). 12 U.S.C. 24(Seventh); 12 CFR part 1. The 25% limit does not necessarily apply to securities derived from securitizations of a bank’s own originated loans. OCC Interpretive Letter No. 1035 (July 21, 2005).</p>
<p><b>4. Auction-Rate Securities</b></p>	<p>FSAs may purchase and hold through a wholly owned operating subsidiary shares of auction rate securities from current and former customers, provided that they are sold or disposed of within 120 days and subject to other conditions and limits. OCC Interpretive Letter No. 1135 (Jan. 20, 2012).</p>	<p>NBs may invest in auction-rate securities, where the underlying assets are municipal bonds, student loans, or auction-rate preferred securities. OCC Interpretive Letter No. 1124 (Nov. 3, 2009).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>5. Bank Service Companies</b></p>	<p>Notwithstanding any other limitation, other than the limitation on the amount of investment by an FSA in 12 U.S.C. 1464(c)(4)(B), an FSA may not invest more than 10 percent of its capital and surplus in a bank service company. In addition, an FSA's total investments in all bank service companies may not exceed 5 percent of the FSA's total assets. 12 U.S.C. 1862; 12 CFR 5.35(i).</p> <p>An FSA may invest in a bank service company that conducts activities described in 12 CFR 5.35(f)(3) and (f)(4) and activities (other than taking deposits) permissible for the FSA and other insured depository institution shareholders or members of the bank service company.</p>	<p>NBs may invest in bank service companies if the amount invested does not exceed 10 percent of the bank's capital and surplus and all investments in bank service companies do not exceed 5 percent of the NB's assets. 12 U.S.C. 1861 <i>et seq.</i>; 12 CFR 5.35(i).</p> <p>A NB may invest in a bank service company that conducts activities described in 12 CFR 5.35(f)(3) and (f)(4) and activities (other than taking deposits) permissible for the national bank and other insured depository institution shareholders or members of the bank service company.</p>
<p><b>6. Bank's Own Stock</b></p>	<p>An FSA may purchase its own stock and hold it as treasury stock. Under certain circumstances, an FSA must receive prior OCC approval. 12 CFR 5.45 and 12 CFR 5.55.</p>	<p>NBs may purchase their own stock and hold it as treasury stock to fulfill a legitimate corporate purpose, including in connection with managing the NB's capital, an employee stock purchase plan, directors qualifying shares, or a reverse stock split. 12 U.S.C. 24(Seventh), 12 U.S.C. 59, 12 U.S.C. 83; 12 CFR 7.2020; OCC Interpretive Letter No. 1162 (July 6, 2018); OCC Interpretive Letter No. 825 (Mar. 16, 1998); and OCC Interpretive Letter No. 786 (June 9, 1997). Managing a NB's capital through the ordinary repurchase of common and preferred shares constitutes a legitimate corporate purpose. OCC Interpretive Letter No. 1162 (July 6, 2018).</p>
<p><b>7. Banker's Acceptances</b></p>	<p>FSAs may invest in banker's acceptances issued by other nonaffiliated institutions without investment limit. 12 U.S.C. 1464(c)(1)(M).</p>	<p>NBs may invest in banker's acceptances created by other nonaffiliated banks without limit, if the banker's acceptances are created in accordance with 12 U.S.C. 372, and are thus "eligible" for discount with a Federal Reserve Bank. However, § 372(b), (c) and (d) restrict investment in the aggregate amount of banker's acceptances created by any one bank. Holdings of "ineligible" banker's acceptances must be included in the purchasing bank's lending limit to the accepting bank. 12 U.S.C. 84; 12 CFR 32.3(c)(2).</p>
<p><b>8. Bankers' Banks</b></p>	<p>FSAs may purchase shares in bankers' banks, or their holding companies that have depository institutions or</p>	<p>NBs may invest in banker's banks, or their holding companies, in an amount of up to 10% of the NB's capital</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS (“FSAs”)	NATIONAL BANKS (“NBs”)
	<p>depository institution holding companies as investors in an amount of up to 10% of the FSA’s capital stock and unimpaired surplus. In addition, each FSA may not hold more than 5% of the voting securities of the bankers’ bank/holding company. 12 U.S.C. 1464(c)(4)(E); 12 CFR 160.30.</p>	<p>stock and unimpaired surplus. In addition, NBs may not hold more than 5% of the voting securities of a bankers’ bank or holding company. 12 U.S.C. 24(Seventh). A bankers’ bank may be organized as a NB and the OCC may waive requirements that are applicable to NBs in general if the requirements are inappropriate for a national bankers’ bank and would impede the provision of its services. 12 U.S.C. 27(b); 12 CFR 5.20.</p>
<p><b>9. Commercial Mortgage-Related Securities</b></p>	<p>FSAs may invest in, sell, or otherwise deal in certain high quality real estate mortgage-backed securities. No statutory or regulatory investment limit applies. 12 U.S.C. 1464(c)(1)(R); 12 CFR 160.30.</p>	<p>NBs may invest in certain commercial real estate mortgage-backed securities without investment limit. 12 U.S.C. 24(Seventh); 15 U.S.C. 78c(a)(41); 12 CFR 1.3(e).</p>
<p><b>10. Commercial Paper</b></p>	<p>FSAs may invest in, sell, or hold commercial paper subject to certain requirements and limits (<i>i.e.</i>, ratings, lending limits, information retention, percent of asset limitations, appropriate underwriting). 12 U.S.C. 1464(c)(2)(D), 1831e(d)(1); 12 CFR 32.3(d)(3), 12 CFR 160.30, and 12 CFR 160.40.</p> <p>These investments are subject to the aggregate limit of 35% of total assets, which applies to investments in commercial paper, corporate debt securities, and consumer loans. Amounts in excess of 30% are subject to additional conditions. 12 U.S.C. 1464(c)(2)(D); 12 CFR 160.30 n.2 and n.3; 12 CFR 160.40; 12 CFR 32.3(a).</p> <p>Total investments in the commercial paper and corporate debt securities of any one issuer, or issued by any one person or entity affiliated with the issuer, together with loans, must not exceed the general lending limit. 12 CFR 160.40(a)(3).</p> <p><i>See also</i> “Corporate Debt Securities/Bonds” below.</p>	<p>Subject to a 10% of capital and surplus investment limit, NBs may purchase as investment securities commercial paper that is investment grade and marketable. NBs may hold commercial paper as loans, subject to lending limits and loan underwriting safety and soundness standards. 12 U.S.C. 24(Seventh) and 12 U.S.C. 84; 12 CFR parts 1 and 32.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>11. Community Development/Public Welfare Investments</b></p>	<p>FSAs may make investments in real property and obligations secured by liens on real property located within a geographic area or neighborhood receiving concentrated development assistance by a local government under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 <i>et seq.</i>). Community development investments and loans are limited to 5% of total assets, provided that equity investments in real property may not exceed 2% of total assets. 12 U.S.C. 1464(c)(3)(A); 12 CFR 160.30. This authority encompasses residential and commercial community development investments. See OTS Ops. Ch. Couns. (Nov. 22, 1996); OTS Ops. Ch. Couns. (May 10, 1995); and OTS Ops. Ch. Couns. (Feb. 9, 2004). (The May 10, 1995 letter is still applicable to FSAs, with modifications based on the application of law. Modifications to this letter resulting from statutory and regulatory changes and other information regarding FSAs public welfare investing authority are detailed in the Community Affairs Public Welfare Investments Resource Directory on the OCC website.</p> <p>FSAs may form community partnerships with community development financial institutions. 12 U.S.C. 4705.</p> <p>FSAs may invest in the aggregate up to the greater of 1% of their total capital or \$250,000 in community development investments of the type permitted for NBs under 12 CFR part 24. 12 CFR 160.36. An FSA using this de minimis investment authority to make an investment of the type that is permitted for a national bank generally does not need to provide notice to the OCC. However, the FSA should maintain records that document the investment's permissibility consistent with the public welfare requirements of 12 CFR part 24. 12 CFR 163.170(c). See <i>a/so</i> the Community Affairs Public Welfare Investments Resource Directory on the OCC website.</p>	<p>NBs have express authority to invest, directly or indirectly (including through subsidiaries, an amount not to exceed 5% of their unimpaired capital stock and 5% of their unimpaired surplus fund in investments that promote the public welfare by benefitting primarily low- and moderate-income communities or families, provided the investments do not expose the NB to unlimited liability. The OCC may increase this investment authority to a total not to exceed 15% of unimpaired capital and surplus for NBs that are at least adequately capitalized if the OCC determines that the higher investment will pose no significant risk to the deposit insurance fund. NBs also are authorized to invest in various HUD-insured loans and obligations issued by government housing projects. NBs also may form community partnerships with community development financial institutions. 12 U.S.C. 24(Seventh), (Eighth), and (Eleventh), and 12 U.S.C. 4705; 12 CFR part 24. A NB may be a member of a partnership formed to build or rehabilitate low- and moderate-income housing. 12 U.S.C. 24(Seventh) and 42 U.S.C. 3931, <i>et seq.</i> For example, a NB may make a qualifying community development investment in a fund that will finance the construction and operation of wind turbines, enabling students to pursue careers in the renewable energy sector. Community Development Investment Letter No. 2011-2 (Dec. 15, 2011). A NB also may make a qualifying community development investment in a fund designed to address the financial service needs of underbanked and/or low- to moderate income individuals. Community Development Investment Letter No. 2011-01 (Apr. 5, 2011).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>FSA service corporations are authorized to make certain community development and public welfare investments. 12 CFR 5.59(f)(8). An FSA may invest up to 3 percent of its assets in service corporations, but any amount exceeding 2 percent must serve "primarily community, inner-city, or community development purposes." For example, FSAs may invest in:</p> <ul style="list-style-type: none"> <li>- the development of a commercial industrial building that the OCC determines is a bona fide community development investment, provided certain conditions are met. The OCC will do a case-by-case review for commercial community development investments. OTS Op. Ch. Couns. (July 20, 1999).</li> <li>- generally, in business development credit corporations chartered in their home state to the same extent as state-chartered FSAs in the state, subject to an aggregate limit of the lesser of 0.5% of total outstanding loans or \$250,000. 12 U.S.C. 1464(c)(4)(A); 12 CFR 160.30.</li> <li>- low-income housing tax credit partnerships, under limited circumstances. OTS Op. Act. Ch. Couns. (Nov. 10, 1994).</li> <li>- National Housing Partnership Corporation, partnership, and joint venture stock or ownership units issued by a corporation authorized to be created under 42 U.S.C. 3932 to build, rehabilitate, acquire, and finance housing and related facilities for low- and moderate income families and individuals, and in any partnership, limited partnership, or joint venture formed under 42 U.S.C. 3937(a) or (c) for developing low- and moderate-income housing. 12 U.S.C. 1464(c)(1)(N); 12 CFR 160.30.</li> <li>- stock, obligations or other securities of any New Markets Venture Capital company (defined in 15 U.S.C. 689), up to 5% in the aggregate of the FSA's capital and surplus. 12 U.S.C. 1464(c)(4)(F); 12 CFR 160.30.</li> </ul>	

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>- rural business investment companies or any entity established solely to invest in rural business investment companies, up to 5% of total capital. 7 U.S.C. 2009cc-9; 12 CFR 160.30.</p>	
<p><b>12. Convertible Securities</b></p>	<p>An FSA may invest in convertible securities. The securities generally must be investment grade and marketable. The purchase of securities convertible into stock at the option of the issuer is prohibited. At the time of purchase, the cost of the securities must be written down to an amount that represents the investment value of the securities considered independently of the conversion feature. FSAs are prohibited from exercising the conversion feature. 12 CFR 160.30 n.3, 12 CFR 160.40(a)(4)(iii).</p> <p>Limits described above under "Commercial Paper" apply.</p>	<p>NBs may purchase securities convertible into stock provided that convertibility is not at the option of the issuer. 12 CFR 1.6.</p>
<p><b>13. Corporate Debt Securities/Bonds</b></p>	<p>FSAs may invest in, sell, or hold corporate debt securities subject to certain requirements and limits (<i>i.e.</i>, marketability requirements, ratings, lending limits, information retention, percent of asset limitations, appropriate underwriting). 12 U.S.C. 1464(c)(2)(D) and 12 U.S.C. 1831e(d); 12 CFR 32.3(a) and (d)(3), 12 CFR 160.30 and 12 CFR 160.40. An FSA's total investment in commercial paper and corporate debt securities of any one issuer, including loans, cannot exceed the lending limit restrictions of 12 CFR part 32. There is an aggregate limit of 35% of total assets, combined with commercial paper and consumer loans. These limits are described more fully above in connection with commercial paper. Amounts in excess of 30% are subject to additional conditions.</p> <p>Debt securities that do not meet regulatory investment requirements generally may not be purchased pursuant to lending authority because an FSA may not acquire or retain, directly or through a subsidiary, a corporate debt security that is not of investment grade or, as of July 21,</p>	<p>NBs may invest in any corporate debt security that meets the following requirements: (1) the security is marketable; (2) the security is investment grade; (3) the security is not predominately speculative in nature and (4) total investments in any one issuer do not exceed 10% of the NB's capital and surplus. 12 U.S.C. 24(Seventh); 12 CFR part 1. Alternatively, NBs may purchase and hold debt securities as loans under its general lending authority in 12 U.S.C. 24(Seventh) and subject to the lending limits of 12 CFR part 32. OCC Interpretive Letter No. 834 (July 8, 1998).</p> <p>A NB has the authority to acquire and hold the preferred stock of an unaffiliated company under its authority in 12 U.S.C. 24(Seventh) and in accordance with 12 CFR part 1. OCC Interpretive Letter No. 941 (June 11, 2002); and No. 1086 (Aug. 23, 2007).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>2012, does not meet the FDIC's standards of credit-worthiness. This limitation does not apply to securities of certain government-sponsored enterprises, however. In the case of a mutual FSA, a subsidiary other than an insured depository institution is not subject to this prohibition if the FSA's investments in and extensions of credit to the subsidiary are deducted from the FSA's capital. 12 U.S.C. 1831e(d).</p> <p>With OCC approval, an FSA may invest in corporate debt securities of another savings association in connection with the purchase or sale of a branch office or in connection with a supervisory merger or acquisition. 12 CFR 160.40(b).</p>	
<b>14. Deposit Accounts</b>	FSAs may invest in the deposit accounts of any insured depository institution without investment limit. 12 U.S.C. 1464(c)(1)(G); 12 CFR 160.30.	NBs may make deposits in other depository institutions, provided total deposits in any non-Federal Reserve member institution do not exceed 10% of the NB's capital and surplus. 12 U.S.C. 463.
<b>15. Foreign Government Securities</b>	<p>FSAs may invest in securities of foreign governments, subject to the commercial lending limit and safety and soundness. 12 U.S.C. 1464(c)(2)(A); OTS Op. Acting Ch. Couns. (June 18, 1993).</p> <p>FSAs may issue debt securities and warrants to purchase debt securities denominated in foreign currencies. OTS Op. Ch. Couns. (Feb. 1, 2000).</p> <p>FSAs may make certain foreign assistance investments that do not exceed 1% of total assets. 12 U.S.C. 1464(c)(4)(C); 12 CFR 160.30; 12 CFR 160.43.</p>	NBs may deal in, underwrite, or invest in obligations of Canada and political subdivisions of Canada. 12 U.S.C. 24(Seventh); 12 CFR 1.3(a). NBs also may invest in the securities of other foreign governments, provided that the securities are marketable, investment grade debt obligations that are not predominantly speculative in nature and no more than 10 percent of a NB's capital and surplus is invested in the securities of any one foreign government. 12 CFR 1.3(c).
<b>16. Insurance Company Products; Investment Funds</b>	No express precedential determination.	A NB subsidiary may hold various insurance company products and investment funds containing bank ineligible securities in order to hedge, on a dollar-for-dollar basis, the subsidiary's obligations to make payments to employees under certain deferred compensation plans. OCC Interpretive Letter No. 878 (Dec. 12, 1999).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		When necessary or useful for competitive reasons, a NB may acquire for limited periods of time, interests in private investment funds for which it serves as investment manager and the bank may accept, as compensation for its investment advice, interests in an investment fund for which the bank acts as investment advisor. OCC Interpretive Letter No. 940 (May 24, 2002).
<b>17. Life Insurance (BOLI)</b>	FSAs may purchase life insurance for business needs as incidental to the express powers granted under HOLA. 12 U.S.C. 1464.	NBs may purchase life insurance in connection with employee compensation and benefit plans, key person insurance, insurance to recover the cost of employee benefits, insurance on borrowers, and insurance taken as security for loans. 12 U.S.C. 24(Seventh).
<b>18. Money Market Preferred Stock</b>	No express precedential determination.	NBs may invest in money market preferred stock as Type III investment securities, provided the investment is marketable, investment grade, and not predominantly speculative in nature. These investments are subject to a limit of 10% of the bank's capital and surplus. 12 U.S.C. 24(Seventh); 12 CFR part 1; OCC Interpretive Letter No. 781 (Apr. 9, 1997).
<b>19. Mutual Fund Shares</b>	FSAs may purchase for their own accounts without investment limit shares of any registered open-end mutual fund that invests exclusively in assets that FSAs may hold without investment limit. The underlying assets in the fund would be aggregated with other investments made by the FSA in calculating investment limits. 12 U.S.C. 1464(c)(1)(Q); 12 CFR 160.30 n.15. Pursuant to pass-through investment authority, an FSA also may make investments in an open-end mutual fund or closed-end investment trust that invests solely in assets permissible for an FSA. SEC registration is not an express requirement of pass-through authority. 12 CFR 5.58; 12 CFR 160.32.	NBs may purchase for their own accounts shares of any "investment company" with certain limitations. Shares of investment companies whose portfolios contain investments that are subject to the limits of 12 U.S.C. 24 only may be held in an amount not in excess of either: (1) the amount equal to the appropriate investment limit for each security in the investment company or applied to the aggregate amount of the bank's pro rata holdings of that security in the investment company and the NB's direct holding of that security; or (2) for diversified companies, the most stringent investment limitation that would apply to any of the securities in the investment company's portfolio if those securities were purchased directly by the NB. 12 U.S.C. 24(Seventh); 12 CFR 1.4(e).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>20. Non-controlling Minority Interests (including limited liability companies)</b></p>	<p>FSAs may make pass-through investments, directly or through their operating subsidiaries, in entities if: (1) the entities engage only in activities that the FSA may conduct directly, subject to certain requirements; (2) the FSA can prevent the company from engaging in activities that are not part of, or incidental to, the business of banking or be able to withdraw its investment, (3) the FSA's loss exposure is limited as a legal matter and the bank does not have unlimited liability for the obligations of the enterprise; (4) the investment is convenient or useful to the bank in carrying out its business and is not a mere passive investment unrelated to that FSA's banking business; and (5) the entity that the FSA is investing agrees to be subject to OCC supervision and examination. 12 CFR 5.58 and 12 CFR 160.32.</p> <p>FSAs may make pass-through investments without prior notice if: (1) not more than 10% of the FSA's total capital is invested in one company; (2) aggregate pass-through investments do not exceed 25% of the FSA's total capital; (3) the investment does not give the FSA control of the company; (4) the FSA's liability is limited to the amount of the investment; and (5) the investment is in an investment company the portfolio of which consists exclusively of assets that the FSA may hold directly. 12 CFR 5.58; 12 CFR 160.32.</p> <p>Pass-through investments that do not meet the foregoing criteria require either after-the-fact notice if the FSA is well managed and well capitalized and the investment meets the requirements or an application to the OCC. 12 CFR 5.58 and 160.32(b).</p> <p>FSAs may invest in service corporations that they may or may not control, but only FSAs with the same home state may be owners of a first-tier service corporation. 12 CFR 5.59(e)(1).</p>	<p>NBs, either directly or through operating subsidiaries, may acquire non-controlling minority investments in business entities if: (1) the entities engage in activities that are limited to those that are part of or incidental to the business of banking (or otherwise authorized for a NB), (2) the NB can prevent the company from engaging in activities that are not part of or incidental to the business of banking or be able to withdraw its investment, (3) the NB's loss exposure is limited as a legal matter and the bank does not have unlimited liability for the obligations of the enterprise; (4) the investment is convenient or useful to the bank in carrying out its business and is not a mere passive investment unrelated to that NB's banking business; and (5) the entity in which the bank is investing agrees to be subject to OCC supervision and examination. 12 CFR 5.36.</p> <p>An NB that is well managed and well capitalized may make non-controlling equity investments in an enterprise subject to after-the-fact notice under certain conditions and provided the enterprise only engages in certain specified activities or one substantively the same as those published in OCC precedent. 12 CFR 5.34(e)(5)(v) and 12 CFR 5.36(e).</p> <p>A well capitalized and well managed NB that also has well capitalized and well managed affiliated depository institutions may make a minority or non-controlling investment in certain financial subsidiaries that are controlled by one or more NBs. 12 U.S.C. 24a; 12 CFR 5.39.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS (“FSAs”)	NATIONAL BANKS (“NBs”)
<p><b>21. Private Investment Funds</b></p>	<p>An investment in a private investment fund that invests solely in assets in which the FSA may invest directly may be permissible as a pass-through investment, subject to conditions. 12 CFR 160.32.</p> <p>An FSA that is subject to the Volcker Rule generally may not acquire or retain an ownership interest in or sponsor a hedge fund or private equity fund (subject to several exclusions and exemptions). 12 U.S.C. 1851; 12 CFR part 44.</p>	<p>Subject to certain restrictions, NBs may own limited equity interests in a private equity fund for which the NB serves as investment manager. 12 U.S.C. 27(Seventh), 12 U.S.C. 92a; OCC Interpretive Letter No. 940 (May 24, 2002).</p> <p>NBs may invest in a private investment fund that invests in bank-permissible assets. 12 U.S.C. 24(Seventh); 12 CFR 1.3(h) and (i); See, e.g. OCC Interpretive Letter No. 911 (June 4, 2001).</p> <p>NB subsidiaries may purchase interests in a private investment fund to hedge on a dollar-for-dollar basis their deferred compensation obligations to employees. OCC Interpretive Letter No. 878 (Dec. 22, 1999).</p> <p>A NB that is subject to the Volcker Rule generally may not acquire or retain an ownership interest in or sponsor a hedge fund or private equity fund (subject to several exclusions and exemptions). 12 U.S.C. 1851; 12 CFR part 44.</p>
<p><b>22. Real Estate (FSA/NB Premises)</b></p>	<p>FSAs may invest in bank premises without OCC approval if: (1) the aggregate amount of the investment is less than or equal to the FSA's capital stock; or (2) the aggregate amount of the investment is less than or equal to 150% of the FSA's capital and surplus, and the FSA is well capitalized and has a CAMELS rating of 1 or 2, provided that the bank provides the OCC notice 30 days after this investment. Prior OCC approval is required for investments in bank premises that do not meet the above criteria, but the application may be deemed approved after 30 days unless the OCC notifies the bank otherwise. 12 CFR 5.37 and 12 CFR 7.1000.</p>	<p>NBs may invest in bank premises without OCC approval if: (1) the aggregate amount of the investment is less than or equal to the NB's capital stock; or (2) the aggregate amount of the investment is less than or equal to 150% of the NB's capital and surplus, and the NB is well capitalized and has a CAMELS rating of 1 or 2, provided that the bank provides the OCC notice 30 days after this investment. Prior OCC approval is required for investments in bank premises that do not meet the above criteria, but the application may be deemed approved after 30 days unless the OCC notifies the bank otherwise. 12 U.S.C. 29 and 12 U.S.C. 371d; 12 CFR 5.37 and 12 CFR 7.1000; Conditional Approval No. 298 (Dec. 15, 1998).</p> <p>NBs may own or lease bank premises larger than their current needs dictate. However, generally 20% bank occupancy is required for a building to be considered bank</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>premises. Excess space acquired in furtherance of banking operations may be leased to third parties. OCC Interpretive Letter No. 1053 (Jan. 31, 2006); OCC Interpretive Letter No. 1034 (Apr. 1, 2005); and Conditional Approval No. 298 (Dec. 15, 1998).</p>
<p><b>23. Real Estate (Other)<sup>5</sup></b></p>	<p>FSAs may hold and convey real estate mortgaged to them or conveyed to them as security for or in satisfaction of debts previously contracted and as purchased at sales under judgments, decrees, or mortgages held by the FSA to secure debts due to it (OREO). OCC generally expects that five years is sufficient to dispose of OREO. FSA powers to hold OREO derive from general lending authority. 12 U.S.C. 1464(c) and 12 CFR 160.30.</p> <p>FSA service corporations may hold real estate for construction and development purposes. 12 CFR 160.30 and 5.59(f)(5).</p> <p>FSAs may invest in real estate to further community development subject to an aggregate limit of 2% of assets. The 2% must be aggregated with loans allowed under other provisions for an overall cap of 5% of assets. 12 U.S.C. 1464(c)(3)(A); 12 CFR 160.30.</p>	<p>NBs may purchase, hold, and convey real estate as mortgaged to them or conveyed to them as security for or in satisfaction of debts previously contracted (DPC) and as purchased at sales under judgments, decrees, or mortgages held by a bank or to secure debts due to it (OREO). A NB may not hold real estate conveyed to it to satisfy debts previously contracted for longer than 5 years unless a period of up to an additional 5 years is approved by the OCC. NBs also may make limited expenditures to preserve OREO or make it marketable for sale. 12 U.S.C. 29; 12 CFR 34.82, 34.83, and 34.86; 12 CFR 7.1000; OCC Interpretive Letter No. 1129 (Feb. 3, 2011). Under certain conditions, NBs also may hold OREO through an LLC set up specifically to hold, manage, and dispose of such property within the 5-year disposal timeframe. OCC Interpretive Letter No. 1118 (Feb. 2, 2009) and OCC Interpretive Letter No. 1123 (Sept. 18, 2009). A NB may dispose of DPC real estate by transferring it to a community development subsidiary for use in the business of the subsidiary for public welfare investment purposes. OCC Interpretive Letter No. 1131 (Apr. 15, 2011).</p> <p>Aside from property necessary for the transaction of its business and OREO, the authority of NBs to acquire interests in real property is limited. Permissible examples include purchasing and leasing municipal buildings and residences of certain bank employees who have been transferred. 12 CFR 7.1000.</p> <p>In certain instances, NBs have been permitted to acquire circumscribed interests in real property as part of an</p>

<sup>5</sup> Pursuant to a proposal issued by the OCC on April 24, 2019, the rules for FSA OREO may change. See 79 Fed Reg. 17094.

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>otherwise permissible bank transaction. For example, NBs may serve as exchange accommodation titleholders for customers engaging in reverse like-kind exchange transactions. As part of this service, banks may acquire a severely circumscribed, indirect interest in real estate being exchanged. Conditional Approval No. 706 (Oct. 6, 2005). See also OCC Interpretive Letter No. 966 (May 12, 2003).</p>
<p><b>24. Residential Mortgage-Related Securities</b></p>	<p>FSAs may generally invest in mortgage-related securities that convey an interest in mortgage loans or a mortgage loan product without investment limit. 12 U.S.C. 1464(c)(1)(B) and OTS Op. Ch. Couns. (Mar. 28, 1996). There is no aggregate limit. 12 CFR 160.30.</p>	<p>NBs may invest in certain investment grade residential mortgage-related securities without investment limit. 12 U.S.C. 24(Seventh); 12 CFR 1.3(e).</p> <p>A NB may re-securitize mortgage loans (including some not rated investment grade) through a real estate mortgage investment conduit and treat the securities as Type V securities under 12 CFR part 1. The residential mortgage back securities would be transferred to a limited purpose subsidiary of the bank, which in turn would establish several trusts. OCC Interpretive Letter No. 1133 (June 16, 2011).</p>
<p><b>25. Retention of Certain Equity Interests</b></p>	<p>No express precedential determination.</p>	<p>A NB may retain stock received in the IPO of MasterCard, Inc., because it is a byproduct of permissible membership in MasterCard. OCC Interpretive Letter No. 1075 (Nov. 14, 2006). A NB may retain stock received as a policyholder of a demutualizing insurance company. OCC Interpretive Letter No. 905 (January 29, 2001). In limited circumstances, a NB may hold stock in a company when necessary or useful to facilitate its banking business. OCC Interpretive Letter No. 421 (March 14, 1988).</p>
<p><b>26. Small Business Investments</b></p>	<p>FSAs may invest in small business-related securities, as defined in 15 U.S.C. 78c(a)(53) without investment limit provided that the securities are of investment grade and represent an interest in promissory notes or leases of personal property evidencing obligations of a small business concern. 12 U.S.C. 1464(c)(1)(S); 12 CFR 160.30.</p> <p>FSAs may invest in small business investment companies or any entity established to invest solely in small business</p>	<p>NBs may invest in investment grade small business-related securities that are fully secured by interests in a pool of loans to numerous obligors. No investment limit applies. 12 U.S.C. 24(Seventh); 12 CFR part 1.</p> <p>In addition, NBs may invest in small business investment companies in an aggregate amount not to exceed 5% of the NB's capital and surplus. 15 U.S.C. 682(b).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>investment companies up to 5% of total capital. 15 U.S.C. 682(b); 12 CFR 160.30.</p> <p>I FSA service corporations are authorized to invest in small business investment companies and new markets venture capital companies licensed by the SBA. 12 CFR 5.59(f)(7)(iii).</p>	
<b>27. Trust Preferred Securities</b>	<p>FSAs may make limited investments in trust preferred securities under either authority to own corporate debt securities (12 CFR 160.40) or pass-through investment authority (12 CFR 160.32).</p> <p>FSAs are prohibited from purchasing trust preferred securities or any other type of security from their parent holding company or any other affiliate. 12 U.S.C. 1468(a)(1)(B); 12 U.S.C. 371c(b)(7)(B); 12 CFR 223.72(c)(2).</p>	<p>NBs may invest in trust preferred securities as Type III securities if the securities are investment grade, marketable and not predominately speculative in nature. 12 U.S.C. 24(Seventh); 12 CFR part 1; OCC Interpretive Letter No. 777 (Apr. 8, 1997). Subject to the lending limits of 12 U.S.C. 84 and the requirements of Banking Circular 181 (REV), a NB may purchase, and hold as loans, trust preferred securities that might not qualify as Type III securities. OCC Interpretive Letter No. 908 (Apr. 23, 2001).</p>
<b>28. U.S., State and Local Government Securities</b>	<p>FSAs may invest in securities issued or guaranteed by the U.S. without investment limit. 12 U.S.C. 1464(c)(1)(C); 12 CFR 160.30.</p> <p>FSAs may invest in obligations issued by any state, territory, possession, or political subdivision thereof subject to appropriate underwriting as follows: (1) for general obligations, no aggregate limitation or per issuer limitation; (2) for other obligations of a governmental entity (e.g., revenue bonds) if the issuer has an adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure, no aggregate limitation but a 10% of total capital per-issuer limitation (no statutory or regulatory well capitalized requirement for FSAs); and (3) for obligations of a governmental entity that do not otherwise qualify but are approved by the OCC, whatever aggregate limitation the OCC may approve and a 10% of total capital per-issuer limitation. 12 U.S.C. 1464(c)(1)(H); 12 CFR 160.30 and 160.42.</p>	<p>NBs may invest without investment limit in Type I securities including" (1) obligations issued, insured, or guaranteed securities issued, insured, or guaranteed by a department or agency of the U.S. if the obligation, insurance, or guarantee is backed by the full faith and credit of the U.S. for repayment of the obligation; and (2) general obligations of any state or political subdivision thereof. Well capitalized banks also may invest without limit in revenue bonds. Banks that are not well capitalized may invest in municipal revenue bonds that are marketable, investment grade, and not predominantly speculative in nature subject to a limit of 10% of capital and surplus. In addition, NBs may invest in obligations issued by a state, or a political subdivision or agency of a state, for housing, university, or dormitory purposes that are not Type I securities. These investments are Type II securities and are subject to a limit of 10% of capital and surplus. 12 U.S.C. 24(Seventh); 12 CFR part 1.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>FSAs may invest in the obligations of and make loans to state housing corporations under certain conditions. No statutory limit applies but a prudential limit may be set. 12 U.S.C. 1464(c)(1)(P); 12 CFR 160.30 and 160.121.</p>	<p>NBs may invest in and loan funds to state housing corporations incorporated in the state in which the NB is located. Investments and loans are limited to 5 percent of the NB's capital stock actually paid in plus 5 percent of the unimpaired capital and surplus. 12 U.S.C. 24(Seventh).</p>
<p><b>29. U.S. Government-Sponsored Corporations Securities</b></p>	<p>FSAs may invest without investment limit in securities and obligations issued by, or fully guaranteed as to principal and interest by, Fannie Mae, Ginnie Mae, Freddie Mac, or any agency of the U.S. (e.g., TVA, Export-Import Bank, Commodity Credit Corp., and instrumentalities such as Banks for Cooperatives, Farm Credit Banks, and the Federal Financing Bank). 12 U.S.C. 1464(c)(1)(D)-(F); 12 CFR 160.30.</p> <p>FSAs may invest in the securities of the following government-sponsored corporations without investment limit: Fannie Mae, Freddie Mac, and Federal Home Loan Banks ("FHLBs"). 12 U.S.C. 1464(c)(1)(D) and (E); 12 CFR 160.30.</p> <p>FSAs may purchase Federal Agricultural Corporation (Farmer Mac) common stock in nominal amounts necessary to enable them to sell agricultural loans to Farmer Mac and to participate in Farmer Mac's secondary market. OTS Op. Ch. Couns. (Nov. 28, 2006); OTS Op. Ch. Couns., Oct. 14, 1997.</p> <p>FSAs may invest in obligations of and make loans to state housing corporations without limitation under certain conditions. 12 U.S.C. 1464(c)(1)(P); 12 CFR 160.30 and 160.121.</p>	<p>NBs have express authority to invest without limitation in obligations of Fannie Mae, Ginnie Mae, Freddie Mac, FHLBs, Federal Financing Bank, and Farmer Mac. 12 U.S.C. 24(Seventh); 12 CFR part 1. NBs also may invest in obligations of the Tennessee Valley Authority, Postal Service, and various international development banks provided investments in any one of these entities do not exceed 10 percent of capital and surplus. 12 U.S.C. 24(Seventh); 12 CFR 1.3.</p> <p>NBs may purchase the equity stock of Fannie Mae, Freddie Mac, Ginnie Mae, and Sallie Mae. 12 U.S.C. 24(Seventh) and 12 U.S.C. 1718(d). NBs also may purchase preferred stock of Fannie Mae, Freddie Mac, and Ginnie Mae. 12 U.S.C. 24(Seventh); Letter from William P. Bowden Jr., Chief Counsel (Dec. 3, 1992); OCC Interpretive Letter No. 577 (Apr. 6, 1992). NBs may invest in the amount of FHLB stock required for membership and may in certain circumstances retain stock in excess of minimum membership requirements. OCC Interpretive Letter No. 755 (Oct. 3, 1996). NBs have express authority to purchase Class A stock of Farmer Mac. 12 U.S.C. 2279aa-4(a)(1)(D)(ii).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>VII. ELECTRONIC BANKING</b>		
<b>A. Internet Banking</b>		
<b>1. Internet Banking</b>	<p>FSAs may provide products and services and perform any authorized activity through electronic means and facilities (e.g. the internet, ATMs, computers, telephones, automated loan machines and similar electronic devices). 12 CFR 155.200.</p> <p>FSAs may invest in electronic funds transfer networks that permit the transfer of funds between accounts and provide related electronic banking services through the internet. OTS Op. Ch. Couns. (May 5, 1995).</p>	<p>NBs may provide permissible banking services to their customers either by direct telephone connection or by the internet that enable customers to obtain account information, transfer balances, and conduct other banking transactions. 12 U.S.C. 24(Seventh); 12 CFR part 7, subpart E; OCC Interpretive Letter No. 742 (Aug. 19, 1996).</p>
<b>2. Internet Banks</b>	<p>Internet-primary FSAs may operate through the internet without any significant offices. See OTS Order No. 97-66 (July 11, 1997).</p>	<p>NBs may be full service internet banks. Internet-based NB will not have any traditional banking offices and will deliver products and services through a variety of electronic delivery channels such as ATMs, internet via a transactional web site, and via a toll free customer service line. Conditional Approval No. 313 (July 9, 1999); Conditional Approval No. 253 (Aug. 20, 1997). See also 12 CFR part 7, subpart E.</p> <p>NBs may operate an internet credit card bank platform. Conditional Approval No. 312 (May 8, 1999).</p>
<b>B. Electronic Payments</b>		
<b>1. Automated Loan Machines and Remote Service Units</b>	<p>FSAs may use automated loan machines to assist in processing loan applications by issuing checks for presentment or collection. 12 U.S.C. 1464(b)(1)(F); 12 CFR 155.200; OTS Op. Ch. Couns. (Sept. 19, 1997).</p> <p>FSAs may establish remote service units to credit savings or demand accounts, debit such accounts, credit payments</p>	<p>NBs may use automated loan machines to assist in processing loan applications and for purposes of disbursing loan proceeds. These facilities are remote service units and, thus not subject to branching restrictions. 12 CFR 7.4003.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS (“FSAs”)	NATIONAL BANKS (“NBs”)
	<p>on loans, and dispose related financial transactions. 12 U.S.C. 1464(b)(1)(F); 12 CFR 155.200. FSAs may establish interactive teller machines. OCC Interpretive Letter No. 1161 (Nov. 28, 2018).</p>	
<p><b>2. Electronic Bill Presentment and Payment</b></p>	<p>No express precedential determination.</p>	<p>A NB may provide electronic bill presentment services. 12 U.S.C. 24(Seventh); 12 CFR 7.5002(a)(2). <i>See also</i> Conditional Approval No. 304 (Mar. 1999); and Conditional Approval No. 389 (May 19, 2000) (NBs may invest in an internet electronic payment system as a complement to existing internet bill presentment services; the system would also permit customers to make payments not linked to a presented bill).</p>
<p><b>3. Electronic Collection System on Behalf of Public Authority</b></p>	<p>No express precedential determination.</p>	<p>A NB may provide an electronic service to state governments that enables the governments to process motor vehicle title applications and related payments over the internet. Conditional Approval No. 361 (Mar. 3, 2000).</p> <p>As part of the business of banking, a NB may contract with a public authority to operate on behalf of the public authority an electronic toll collection system. 12 U.S.C. 24(Seventh); OCC Interpretive Letter No. 731 (July 1, 1996).</p> <p>NB may acquire a non-controlling interest in an LLC that enters into contracts with federal, state, and local government agencies to provide a package of internet based services, including development of websites, hosting of websites, and providing related merchant processing services. OCC Interpretive Letter No. 883 (Mar. 3, 2000).</p>
<p><b>4. Electronic Data Interchange (“EDI”) Services</b></p>	<p>FSAs may market and sell electronic capacities and by-products to others if acquired or developed in good faith as part of providing financial services. 12 CFR 155.200(b).</p> <p>FSAs may invest in electronic funds transfer networks that permit the transfer of funds between accounts and provide related banking services through the internet. OTS Ops. Ch. Couns. (May 5, 1995) and (Dec. 22, 1995).</p>	<p>A NB may acquire and hold a minority interest in a company that offers EDI services that allow businesses to send and receive payments, invoices and orders worldwide. EDI services are part of or incidental to the business of banking. OCC Interpretive Letter No. 732 (May 10, 1996).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>5. Stored Value Cards and Other Prepaid Media</b></p>	<p>FSAs may issue gift cards. OTS Op. Ch. Couns. (June 9, 2006); 12 CFR 155.200.</p> <p>FSAs may market and sell prepaid telephone cards as an agent for a telephone company. OTS Op. Ch. Couns. (Aug. 29, 1996).</p> <p>FSA service corporations also may engage in the business of developing and selling stored value instruments. 12 CFR 5.59(f)(4)(vi)</p>	<p>NBs may develop, market, deliver, and maintain stored value and related non-banking information systems for itself and others. 12 CFR 7.5002. Conditional Approval No. 220 (Dec. 2, 1996) (MONDEX), OCC Interpretive Letter No. 737 (Aug. 19, 1996), Conditional Approval No. 568 (Dec. 31, 2002).</p> <p>A NB may dispense "alternate media" supplied by merchants, <i>i.e.</i>, public transportation tickets, event and attraction tickets, gift certificates, prepaid phone cards, promotional and advertising materials, EBT script, and credit and debit cards, from ATM machines. OCC Interpretive Letter No. 718 (Mar. 14, 1996).</p>
<p><b>C. Software Development and Production</b></p>		
<p><b>1. Bank Activities Software</b></p>	<p>FSA service corporations are authorized to perform software development and systems integration if limited to financial documents or financial clients or if generally finance-related. 12 CFR 5.59(f)(2)(xiii).</p>	<p>NBs may produce, market, and sell software to assist with the performance of authorized banking functions. 12 CFR 7.5006(c).</p>
<p><b>2. Home Banking and Financial Management Software</b></p>	<p>FSA service corporations are authorized to perform software development and systems integration if limited to financial documents or financial clients or are generally finance-related. 12 CFR 5.59(f)(2)(xiii).</p>	<p>The OCC generally permits NBs to engage, through a joint venture, in the development and distribution of home banking and financial management software and data processing, subject to specified conditions. OCC Interpretive Letter No. 677 (June 28, 1995). In addition, a group of NBs may establish an LLC to provide data processing for home banking and other electronic financial services. Conditional Approval No. 221 (Dec. 4, 1996). <i>See also</i> 12 CFR 7.5004.</p>
<p><b>3. Web Design Services</b></p>	<p>No express precedential determination.</p>	<p>A NB may, incidental to its offering of an internet merchant hosting services package, provide web design services to its merchant customers. OCC Interpretive Letter No. 875 (Oct. 31, 1999). 12 CFR 7.5001(d)(3)(i).</p> <p>A NB, as a finder, may refer its merchant customers to a third party that will provide website development and hosting services. OCC Corporate Decision No. 99-50 (Dec. 23, 1999). 12 CFR 7.5002(a)(1).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>A NB may acquire a software company that owns software that enables users to make changes to their websites where the bank will sell the software only as part of a bundle of internet web hosting services provided to its merchant customers. OCC Corporate Decision No. 2000-01 (Jan. 29, 2000). <i>See also</i> 12 CFR 7.5004.</p>
<b>D. Electronic Commerce</b>		
<p><b>1. Data Processing</b></p>	<p>FSA service corporations are authorized to perform the following activities when they are limited to financial documents or financial clients or are generally finance-related: data processing, data storage facilities operation and related services, and printing and selling forms that require magnetic ink character recognition (MICR) encoding. 12 CFR 5.59(f)(2)(vi)-(vii) and (x).</p>	<p>A NB may as part of the business of banking provide for itself and others data processing and data transmission services, facilities (including equipment, technology, and personnel), data bases, advice, and access to such services, facilities, data bases and advice, where the data is banking, financial, or economic data, as well as other types of data if the derivative or resultant product is banking, financial, or economic data. For this purpose, economic data includes anything of value in banking and financial decisions. 12 CFR 7.5006.</p> <p>A NB also may perform the above activities for itself and others with respect to additional types of data to the extent convenient or useful to provide the data processing services described above, including where reasonably necessary to conduct those activities on a competitive basis. However, the total revenue attributable to the bank's data processing activities must be derived predominantly from processing the activities described above. 12 U.S.C. 24(Seventh); 12 CFR 7.5006.</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>2. Digital Certificate Authority ("CA") Services</b></p>	<p>No express precedential determination.</p>	<p>A NB as part of the business of banking may act as a certificate authority and issue digital certificates verifying the identity of persons associated with a particular public/private key pair. As part of this service, the bank also may maintain a listing or repository of public keys. 12 U.S.C. 24(Seventh); 12 CFR 7.5005. See <i>also</i> Conditional Approvals No. 267 (Jan. 12, 1998) and No. 339 (Nov. 16, 1999).</p> <p>A NB may issue digital certificates verifying attributes in addition to identity of persons associated with a particular public/private key pair where the attribute is one for which verification is part of or incidental to the business of banking. For example, NBs may issue digital certificates verifying certain financial attributes of a customer, such as account balance, lines of credit, past financial performance of the customer, and verification of customer relationship with the bank, as of the current or a previous date. 12 U.S.C. 24(Seventh); 12 CFR 7.5005. See <i>also</i> Conditional Approvals No. 267 (Jan. 12, 1998) and No. 339 (Nov. 16, 1999).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>3. Electronic Correspondent Services</b></p>	<p>No express precedential determination.</p>	<p>As part of the business of banking, NBs may offer as a correspondent service electronic activities such as, but not limited to: (1) the provision of computer networking packages and related hardware; (2) data processing services; (3) the sale of software that performs data processing functions; (4) the development, operation, management, and marketing of products and processing services for transactions conducted at electronic terminal devices; (5) item processing services and related software; (6) document control and record keeping through electronic imaging technology; (7) the provision of internet merchant hosting services for resale to merchant customers; (8) the provision of communication support services through electronic means; and (9) digital certification authority services. 12 CFR 7.5007.</p>
<p><b>4. Electronic Image Processing and Electronic Storage</b></p>	<p>FSA service corporations are authorized to perform data storage facilities operation and related services when they are limited to financial documents or financial clients or are generally finance-related. 12 CFR 5.59(f)(2)(vii).</p>	<p>A NB may, as part of the business of banking, provide electronic image processing services involving the loading, storage, and retrieval of banking, financial, and economic data and documents. In addition, a NB that has acquired an electronic image storage and retrieval system for banking purposes with good faith excess capacity may market that excess capacity to others to enable them to load, store, and retrieve nonfinancial and financial documents. 12 U.S.C. 24(Seventh); 12 CFR 7.5004. OCC Interpretive Letter No. 888 (Mar. 14, 2000).</p> <p>As a modern version of NBs' traditional safekeeping function, a NB may provide an integrated, on-line information service for secure web-based document storage and retrieval of documents and files containing personal information or valuable confidential trade or business information. Data may be stored on systems controlled by the bank and will be accessible by customers through the internet or a dedicated line. Except for storage, access, and retrieval, the bank may not process or manipulate the information stored. The bank also may offer its customers the ability to grant third parties controlled access to the</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		stored documents and files so as to enable the use of document collaboration tools. Conditional Approval No. 479 (July 27, 2001). 12 CFR 7.5002(a)(4).
<b>5. Excess Electronic Capacity and By-Products</b>	<p>FSAs may market and sell electronic capacities and by-products to others if acquired or developed in good faith as part of providing financial services. 12 CFR 155.200(b).</p> <p>FSA service corporations may offer internet service provider services to nonfinancial customers up to 50% of capacity. OTS Op. Ch. Couns. (Apr. 14, 1997).</p>	<p>NBs may, in order to optimize the use of the bank's resources or avoid electronic waste, market and sell to third parties electronic capacities legitimately acquired or developed by the bank for banking purposes. 12 U.S.C. 24(Seventh); 12 CFR 7.5004.</p>
<b>6. Internet Access Services</b>	<p>FSA service corporations may offer internet service provider services to nonfinancial customers up to 50% of capacity. OTS Op. Ch. Couns. (Apr. 14, 1997).</p>	<p>A NB may provide full internet access service in connection with its internet banking services and, incidental to that, may sell good faith excess capacity in internet access services to persons who are not internet banking customers, provided that the excess service is not an excessive amount of the total package sold, the service is part of the NB's excess internet capacity, and the sale does not result in increased costs for the NB. 12 CFR 7.5004. OCC Interpretive Letter No. 742 (Aug. 19, 1996); Conditional Approval No. 409 (Aug. 10, 2000).</p> <p>A NB operating subsidiary may acquire and hold a minority interest in a LLC that supplies a network for home banking systems and the LLC also enables participating financial institutions to offer customers full internet access as part of a package of home banking services. Conditional Approval No. 221 (Dec. 4, 1996).</p>
<b>7. Leasing Computer and Telecommunications Equipment</b>	<p>FSAs may engage in general leasing of tangible personal property, including investing in machinery, equipment, or furniture for the purpose of leasing such property. 12 U.S.C. 1464(c)(2)(C); 12 CFR 160.30 and 160.41(a) and (d); 12 CFR 5.38(e)(5)(v)(J) (operating subsidiaries).</p> <p>FSA service corporations may acquire and lease personal property. 12 CFR 5.59(f)(3)(ii).</p>	<p>A NB operating subsidiary may conduct computer and telecommunication equipment leasing activities, including ancillary activities. The ancillary activities include the acquisition of equipment for lease, delivery and installation of leased equipment, sales of off-lease equipment, other occasional sales of equipment, arranging for maintenance contracts, and certain website development services. OCC Corporate Decision No. 2002-13 (July 31, 2002); 12 CFR 5.34(e)(5)(v)(H).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>VIII. OTHER CUSTOMER SERVICES</b>		
<b>A. Deposit and Currency-Related Services</b>		
<b>1. Buying/Selling Coins, Bullion, Foreign Exchange</b>	<p>FSAs may buy and sell precious metals (gold, silver, platinum, palladium) on behalf of customers. OTS Op. P-2006-1 (March 6, 2006). FSAs may not deal or invest in industrial or commercial metal, but may acquire such metal in connection with their authority to foreclose on loan collateral, compromise doubtful claims, or avoid DPC-related losses. 12 CFR 7.1023.</p> <p>FSA service corporations may purchase and sell coins issued by the U.S. Treasury. 12 CFR 5.59(f)(6)(iv).</p> <p>FSAs may provide foreign currency exchange services to their customers. 12 CFR 48.1(a)(2); OTS Op. Ch. Couns. (Aug. 11,1995).</p> <p>FSA service corporations may provide foreign currency exchange services. 12 CFR 5.59(f)(4)(ii),</p> <p>With certain exceptions, FSAs may offer and enter into futures, options, and leveraged, margined, or bank-financed transactions in foreign exchange with retail customers. 12 CFR part 48.</p>	<p>NBs may buy and sell coins, bullion, precious metals, and foreign exchange. 12 U.S.C. 24(Seventh); Banking Circular 58 (Nov. 3, 1981) (coins and gold and silver bullion); OCC Interpretive Letter No. 553 (May 2, 1991) (platinum coins and bullion); OCC Interpretive Letter No. 683 (July 28, 1995) (palladium coins and bullion). However, national banks may not deal or invest in a metal or alloy in a physical form primarily suited to industrial or commercial use. Some purchases and sales of industrial and commercial metal may be permitted pursuant to an incidental authority, such as foreclosing on loan collateral, compromising doubtful claims, or avoiding DPC losses. National banks also may buy and sell a physical metal to hedge a derivative for which the metal is the reference asset so long as the amount of physical metal acquired for hedging is nominal. 12 CFR 7.1022.</p> <p>With certain exceptions, NBs may offer and enter into futures, options, and leveraged, margined, or bank-financed transactions in foreign exchange with retail customers. 12 CFR part 48.</p>

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<p><b>2. Cashiers' Checks and Money Orders, Travelers' Checks, Savings Bonds, Certified Checks</b></p>	<p>FSAs may issue, collect, and process cashiers' checks and money orders. 12 CFR 145.17; FHLBB Op. Gen. Couns. (Nov. 24, 1965), and FHLBB Op. Gen. Couns. (July 27, 1981).</p> <p>FSAs may issue traveler's checks. FHLBB Op. Gen. Couns. (Nov. 24, 1965); FHLBB Ops. Dep. Ch. Couns. (Mar. 16, 1988) and (Feb. 1, 1982).</p>	<p>NBs may issue, collect, and process cashiers' checks and money orders, and sell travelers' checks, savings bonds, and certified checks. 12 U.S.C. 24(Seventh); 12 CFR 7.1014.</p>
<p><b>3. Check Cashing and Processing, Cash Management, Payment Processing and Verification</b></p>	<p>FSAs may cash and process checks. 12 U.S.C. 1464(b)(1)(E); 12 U.S.C. 4001, <i>et seq.</i>, and 12 CFR part 229.</p> <p>FSA service corporations may provide check and credit card guaranty and verification services. 12 CFR 5.59(f)(3)(vi).</p> <p>FSAs may provide funds transfer services. 12 CFR 145.17.</p>	<p>NBs may cash and process checks, provide check and credit card verification services, cash management services, and software for cash management services and payment processing. 12 U.S.C. 24(Seventh) and 12 U.S.C. 4001 <i>et seq.</i>; 12 CFR part 229; OCC Interpretive Letter No. 756 (Nov. 5, 1996) (software for cash management payment processing). NBs may charge fees for the service of cashing checks drawn on the bank and payable to non-account holders of the bank. 12 U.S.C. 24(Seventh) and 12 CFR 7.4002; OCC Interpretive Letter No. 932 (Aug. 17, 2001).</p>
<p><b>4. Safe Deposit Boxes</b></p>	<p>FSAs may accept special deposits and may operate safe deposit box services. 12 U.S.C. 1464(b).</p>	<p>NBs may provide safe deposit box services. 12 U.S.C. 24 (Seventh); Conditional Approval No. 479 (July 27, 2001).</p>
<p><b>B. Lending and Real Estate-Related Services</b></p>		
<p><b>1. Appraisals</b></p>	<p>FSAs may conduct appraisals for transactions in which they are involved as lender or otherwise. 12 CFR part 34, subpart C and 12 CFR 160.101, Appendix.</p> <p>FSA service corporations may offer appraisal services to the general public. 12 CFR 5.59(f)(3)(iii).</p> <p>An FSA may establish an appraisal management company subsidiary. 12 U.S.C. 3353. <i>See also</i> 12 CFR part 34, subpart H.</p>	<p>NBs may perform real estate appraisals in connection with real estate loans made by the NB or other financial institutions. 12 CFR part 34, subparts C, D, E, and G; OCC Interpretive Letter No. 467 (Jan. 24, 1989). A NB operating subsidiary may perform real estate appraisals for general customers even if no bank loan was involved, pursuant to the excess capacity theory, provided that the activity constitutes no more than 10% of the subsidiary's business. 12 CFR 5.35(e)(v)(V). OCC Corporate Decision No. 98-25 (Apr. 1, 1998).</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		A NB may establish an appraisal management company subsidiary. 12 U.S.C. 3353. See also 12 CFR part 34, subpart H.
<b>2. Banker's Acceptances Issuance</b>	FSAs may purchase banker's acceptances, subject to 12 U.S.C. 1464(c)(1)(M) and 12 CFR 160.30.	NBs may issue banker's acceptances; in certain cases lending limits do not apply. 12 U.S.C. 24(Seventh), 12 U.S.C. 84(c)(2) and 12 U.S.C. 372; 12 CFR 7.1007 and 12 CFR 32.3(c)(2).
<b>3. Credit Card Loss Notification and Monitoring Services</b>	No express precedential determination.	A NB may provide its customers with credit card loss notification services. OCC Interpretive Letter No. 944 (Aug. 12, 2002).
<b>4. Debt Cancellation Contracts ("DCCs") and Debt Suspension Agreements ("DSAs")</b>	FSAs are authorized to enter into agreements that result in cancellation of debt upon the death, disability, or other loss experienced by a borrower. OTS Op. Acting Ch. Couns. (Sept. 15, 1993); OTS Op. Ch. Couns. (Dec. 18, 1995).	NBs are authorized to enter into, and charge a fee for, DCCs and DSAs, under which a NB agrees to cancel, in the case of a DCC, or suspend, in the case of a DSA, all or part of a customer's obligation to repay a loan from that bank upon the occurrence of a specified event. DCCs and DSAs are subject to various consumer safeguards if they are sold in connection with an extension of credit primarily for personal, family, or household purposes. 12 CFR part 37.  NBs may offer DCCs through agents such as automobile dealers. OCC Interpretive Letter No. 1093 (Oct. 29, 2007).
<b>5. Mortgage Document Custodian</b>	FSAs may act as document custodian of residential mortgage loan documents for third parties without obtaining approval to exercise trust powers. OTS Op. Ch. Couns. (Jan. 31, 1994).	NBs may act as document custodian of residential mortgage loan documents for third parties without obtaining approval to exercise trust powers. 12 U.S.C. 24(Seventh).
<b>6. Real Estate Brokerage</b>	FSA service corporations may engage in real estate brokerage for property owned by the parent FSA, the service corporation, or a lower-tier service corporation in which the service corporation invests. 12 CFR 5.59(f)(5)(iv).  Real estate brokerage for third parties may be eligible as an activity "reasonably incident" to explicitly authorized activities. 12 CFR 5.59(f)(11). Real estate brokerage for third parties is reasonably related to the activities of	NBs may not engage in general real estate brokerage activities. However, NBs may engage in certain real estate sales-related activities as a fiduciary and may act as finders as specified in 12 CFR 7.1002.

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	financial institutions and, therefore, on a case-by-case basis could be approved for an FSA service corporation or mutual holding company. OTS Op. Ch. Couns. (July 16, 1997).	
<b>7. Real Estate Tax Reporting and Management Services</b>	FSA service corporations may provide various real-estate related services, including maintaining and managing real estate. 12 CFR 5.59(f)(5)(iii).	A NB may establish an operating subsidiary to hold a direct and indirect 50 percent interest in a joint venture engaged in real estate tax reporting and management services in connection with certain loans made by the bank or its affiliates. OCC Interpretive Letter No. 317 (July 19, 1999).
<b>8. Title Abstracting Services</b>	FSA service corporations are authorized to provide credit-related abstracting. 12 CFR 5.59(f)(3)(i).	NBs and their subsidiaries may provide title abstracting services for the parent bank, for unaffiliated lenders, and for the occasional customer who requests the service even if there is no associated loan transaction. 12 U.S.C. 24(Seventh); OCC Corporate Decision No. 98-26 (Apr. 21, 1998).
<b>C. Other Services</b>		
<b>1. Automobile Roadside Assistance Programs</b>	FSAs may offer to consumer loan customers discount programs through third-parties or service providers. Programs include emergency roadside assistance. OTS Op. Ch. Couns. (Aug 5, 2008).	NBs may administer and operate auto roadside assistance programs for third parties as permissible finder activities; and may administer and operate a roadside assistance program made available to its credit card customers as an incidental activity that is convenient and useful to the administration and operation of the programs for third parties. Conditional Approval No. 535 (June 21, 2002).
<b>2. Correspondent Services</b>	FSAs may provide correspondent services. See FHLBB Op. Dep. Ch. Couns. (Jan. 13, 1984).  FSA operating subsidiaries may provide correspondent services to the extent permitted by published OCC precedent for FSAs. 12 CFR 5.38(e)(5)(v)(N).	As part of the business of banking, NBs may provide a wide variety of correspondent services (any service that it may perform for itself) to its affiliates or to other depository institutions. 12 U.S.C. 24(Seventh); 12 CFR 7.5007.  NB operating subsidiaries may provide correspondent services to the extent permitted by published OCC precedent for NBs. 12 CFR 5.34(e)(5)(v)(S).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>3. Employee Benefit, Compensation Advisory, and Human Resource Services Consulting</b></p>	<p>FSA service corporations are authorized to perform personnel benefit program development or administration as well as relocation of personnel when limited to financial clients or the services are generally finance-related. 12 CFR 5.59(f)(2)(ix) and (xi).</p>	<p>A NB operating subsidiary may provide employee benefit, compensation advisory and related administrative services, and other human resources services to the bank's business customers and other businesses in the bank's market area. OCC Corporate Decision No. 2002-2 (Jan. 9, 2002). 12 CFR 5.34(e)(5)(v)(FF).</p>
<p><b>4. Escrow Services</b></p>	<p>FSAs may provide escrow services in connection with real estate loans and real estate transactions. 12 CFR 160.101 Appendix. See 61 Fed. Reg. 50,951, 50,961 (Sept. 30, 1996); OTS Op. Ch. Couns. (Jan. 31, 1994). See also 12 CFR 1026.35(b) (consumer-related requirements for the escrow of higher priced mortgage loans.)</p> <p>FSAs may establish commercial escrow accounts. See OTS Op. Ch. Couns. (Aug. 19, 1998).</p> <p>FSA service corporations may operate as escrow agent or trustee under deeds of trust. 12 CFR 5.59(f)(3)(vii).</p>	<p>NBs may provide escrow services. 12 U.S.C. 24(Seventh); OCC Interpretive Letter (May 6, 1968). See also Corporate Decision No. 99-06 (Jan. 29, 1999), which provides that a NB may own an operating subsidiary that engages in real estate closing and escrow services using excess capacity to offer services occasionally to customers where no loan or title policy would be present. See also 12 CFR 1026.35(b) (consumer-related requirements for the escrow of higher priced mortgage loans.)</p>
<p><b>5. Financial Consulting</b></p>	<p>FSAs may engage in consulting and advisory services for other financial institutions and the general public. OTS Op. Ch. Couns. (May 10, 1995). Depending on the nature of the activity, registration under the Investment Advisers Act may be required.</p> <p>FSA operating subsidiaries may engage in consulting and advisory services for other financial institutions and the general public. 12 CFR 5.38(e)(5)(v)(E) and (G).</p> <p>FSA service corporations may provide consulting services to financial clients and consulting services that are finance-related. 12 CFR 5.59(f)(2)(iv).</p>	<p>NBs may engage in financial, investment, or economic consulting, planning, and advisory services for other financial institutions, businesses, and the general public in a variety of contexts. Among other things, these services may include financial planning, acting as a conduit in conveying loan terms to prospective borrowers or purchasers, supplying financial information regarding a third party, engaging on behalf of others in research in contemplation of prospective transactions, advice and counseling on employee benefits and human resources, and global supply chain management services. NBs may not participate in negotiations as a representative of one of the parties. 15 U.S.C. 80b-2(a)(11)(A), 80b-2(a)(26); 12 CFR 5.34(e)(5)(v)(K); Conditional Approval No. 384 (Apr. 25, 2000); Corporate Decision No. 99-43 (Nov. 29, 1999); Corporate Decision No. 98-51 (Nov. 30, 1998); Corporate Decision No. 2005-02 (March 24, 2005).</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>6. Medical Insurance Services</b>	No express precedential determination.	A NB may acquire and hold as an operating subsidiary a company engaged in providing medical insurance cost information, benefits counseling, premium collection and disbursement, and related activities. Corporate Decision No. 98-13 (Feb. 9, 1998).
<b>7. Messenger Services</b>	FSAs are authorized to provide messenger services to facilitate customer transactions, including deposits. OTS Mem. Dep. Ch. Couns. (Nov. 20, 1992); 12 CFR 5.38(e)(5)(v)(B) (operating subsidiaries). FSA service corporations may engage in the business of providing financial courier services to the general public. 12 CFR 5.59(f)(2)(iv). <i>See also</i> OTS Op. Ch. Couns. (Oct. 17, 1995) (FSAs may provide support services such as receiving, storing, transmitting and executing or obtaining execution of certain documents for an unaffiliated trust company).	<p>A NB may establish and operate a messenger service to transport items relevant to the NB's transactions with its customers. However, a NB must receive approval from the OCC to establish a branch if the messenger service constitutes a branching function within the meaning of 12 U.S.C. 36(j). NBs may use a messenger service established and operated by a third party to pick up from and deliver to its customers items that relate to a branching function without regard to the branching limitations of 12 U.S.C. 36. 12 U.S.C. 24(Seventh); 12 CFR 7.1012.</p> <p>A NB may operate a messenger service that would provide armored car service though a branch or operating subsidiary that would transport cash, checks, and other financial documents for the bank, the bank's depositors, other unaffiliated institutions and businesses that are not customers of the bank. Corporate Decision 2003-9 (June 25, 2003).</p> <p>A NB also may provide messenger service consulting and advisory services to deposit customers who hire independent messenger or courier services to transport banking items to and from the bank. OCC Interpretive Letter No. 1023 (Feb. 24, 2005).</p>
<b>8. Payroll Processing Services</b>	FSAs may provide payroll processing services if performed primarily for the FSA, other depository institutions, or loan or deposit customers of the FSA. OTS Op. Ch. Couns. (Oct. 1, 1998).	NBs may provide this service. 12 CFR 7.1011; 12 CFR 5.38(e)(5)(v)(CC) (operating subsidiaries).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	FSA service corporations may engage in payroll processing without restrictions. 12 CFR 5.59(f)(1); OTS Op. Ch. Couns. (Oct 1, 1998).	
<b>9. Postal Services</b>	<p>FSAs may offer postal services from their retail offices and may receive income from such operations. Activities include meter stamping, accepting matter for mailing, accepting registered mail, issuing money orders, selling related insurance, and selling stamps. FSAs must comply with U.S. Postal Service regulations and must keep postal service records separate from other FSA operations. Postal service records may be subject to inspection by the OCC and the U.S. Postal Service. OTS Op. Acting Ch. Couns. (Mar. 25, 1994); 12 CFR 5.38(e)(5)(v)(S) (operating subsidiaries).</p> <p>FSA service corporations may offer postal services to the general public. 12 CFR 5.59(f)(4)(v).</p>	NBs may maintain, operate, and receive income from a postal substation on banking premises, pursuant to U.S. Postal Service regulations. NBs may advertise, develop, and extend the services of the substation for the purpose of attracting customers to the NB. The services performed at the substation must be permitted by the U.S. Postal Service, and may include meter stamping of letters and packages, and the sale of related insurance. NBs must keep the books and records of the substation, which are subject to inspection by the U.S. Postal Service, separate from those of other banking operations. 12 CFR 7.1010, 39 CFR 241.2.
<b>10. Printing Services</b>	FSA service corporations are authorized to perform check printing and related services. 12 CFR 5.59(f)(2)(x) and (f)(4)(viii).	NBs may engage in the printing of checks, drafts, loan payment coupons, and similar documents for use in the NB's business; engage in printing services that facilitate the general operation of the bank as a business enterprise such as the printing of internal personnel forms; and provide printing services for affiliated banks. 12 U.S.C. 24(Seventh); OCC Interpretive Letter No. 811 (Dec. 18, 1997).
<b>11. Records Access (credit scores, credit reports, social security, medical and motor vehicle records)</b>	No express precedential determination.	A NB may provide its customers with their credit scores, credit reports and provide customers credit monitoring services. NBs also may provide customers with access to their Social Security, medical, and motor vehicle records as activities that are incidental to banking. OCC Interpretive Letter No. 944 (Aug. 12, 2002).
<b>12. Rewards Programs</b>	FSAs may provide certain rewards premiums on demand deposit accounts to customers who use branded debit cards. OTS Op. Ch. Couns. (May 29, 2003).	NBs may sell rewards points to unrelated third parties and act as finder to assist individuals with rewards points in redeeming those points. OCC Corporate Decision 2003-10 (July 27, 2003).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>14. Tax Returns and Planning</b>	FSA service corporations may prepare income tax returns. 12 CFR 5.59(f)(4)(iv).	NBs may prepare tax returns and offer tax planning directly or through subsidiaries for any type of customer. 12 U.S.C. 24(Seventh); 12 CFR 7.1008; 12 CFR 5.34(e)(5)(v)(J).
<b>15. Transaction Finders</b>	<p>FSAs may act as finders and collect referral fees for referring customers to registered investment advisers, subject to certain conditions, and enter into referral fee arrangements approved by the OCC. OTS Op. Ch. Couns. (May 5, 2000). FSAs may pay referral fees to third parties for the referral of trust business. OTS Op. Ch. Couns. (Dec. 21, 1998).</p> <p>FSAs may, under certain circumstances, pay a fee to a person who introduces a depositor to the FSA. OTS Op. Ch. Couns. (Nov. 28, 2005).</p>	NBs may serve as finders for certain goods and services, <i>i.e.</i> , they may identify potential parties, make inquiries as to interest, introduce or arrange contacts or meetings of interested parties, and otherwise bring parties together for a transaction that the parties themselves negotiate and consummate. However, the authority to act as a finder does not enable a NB to engage in brokerage activities that have not been found to be permissible for NBs. Unless otherwise prohibited, NBs may advertise and accept fees for their finder services. 12 U.S.C. 24(Seventh); 12 CFR 7.1002. NBs may pay finders' fees to others for customers referred to the bank. OCC Interpretive Letter No. 504 (May 18, 1990). Under its finder authority a NB may help arrange for the purchase of nonfinancial products by its credit card customers. OCC Interpretive Letter No. 904 (Jan. 18, 2001).
<b>16. Travel Booking Services for Customers</b>	No express precedential determination.	A NB may make travel-related loans, issue letters of credit, and provide free travel information. <i>Arnold Tours v. Camp</i> , 472 F.2d 427 (1st Cir. 1972). NBs also may assist customers in placing orders for tickets with a travel agency and, in general, lease excess office space to a travel agency. OCC Interpretive Letter No. 342 (May 22, 1985) and OCC Interpretive Letter No. 437 (July 27, 1988).
<b>17. Welfare Counseling</b>	No express precedential determination. However, FSA service corporations are authorized to conduct welfare benefit distribution (12 CFR 5.59(f)(4)(vii)) and provide activities reasonably incident to this activity (12 CFR 5.59(f)(11)).	NB may acquire an operating subsidiary engaged in providing government "welfare to work" program counseling and related activities. Corporate Decision No. 2000-11 (June 24, 2000).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>X. OFFICE LOCATIONS</b>		
<b>1. Branches (Home Office and Home State)</b>	<p>A branch office of an FSA is any office other than its home office, agency office, administrative office, data processing office, or an electronic means or facility under 12 CFR part 155 of this chapter. 12 CFR 145.92(a). FSAs may establish branches in accordance with 12 CFR 5.31 and 145.92(b). FSAs may own and operate full-service mobile banking facilities as branch offices. OTS Op. Acting Ch. Couns. (May 16, 1994).</p>	<p>Branches are facilities established by a NB at which the NB receives deposits, pays withdrawals, or disburses loan proceeds in-person to customers. Branches include staffed mobile vans, messenger services, temporary facilities, and drop boxes. 12 U.S.C. 36(j). The term branch does not include ATMs, remote service units (RSU), a loan production office, a trust office, an administrative office, a data processing office, or any other office that does not engage in branching activities (<i>i.e.</i>, deposits received, checks paid, or money lent).</p> <p>With OCC approval, which includes consideration of the NB's CRA compliance, NBs may establish or acquire branches in their main office states to the same extent as state banks chartered by such states. 12 CFR 5.30.</p>
<b>2. Interstate Branches (Interstate)</b>	<p>FSAs may establish branches in any state unless the location would violate 12 U.S.C. 1464(r), 1467a(e)(3), or 1823(k)(4). FSAs must comply with application and notice requirements. 12 CFR 5.31 and 145.92(b).</p>	<p>With OCC approval, a NB may open an interstate <i>de novo</i> branch in any state that permits the establishment of a branch by a bank chartered by such state, subject to applicable state law limitations. 12 U.S.C. 36(g), 12 U.S.C. 1823(k), 12 U.S.C. 1831u(b)(1), (3), and (4); 12 CFR 5.30.</p> <p>With OCC approval, a NB may acquire a single branch in an interstate acquisition, if permissible under the law of the state in which the target branch is located. Approval is subject to state filing and age requirements, deposit concentration limits, and findings regarding capital, management, and CRA compliance. 12 U.S.C. 1831u(a)(4) and (5), and (b)(1)-(4).</p> <p>With OCC approval, a NB may engage in interstate branching through acquisition or merger of an insured bank. Approval is subject to state filing and age requirements, deposit concentration limits, and findings regarding capital,</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>management, and CRA compliance. 12 U.S.C. 1831u(a)(1) and (5), and (b)(1)-(4).</p> <p>Note: In all of the scenarios above, once a bank has opened one branch in a state, all subsequent branches must satisfy intrastate branching requirements. 12 U.S.C. 36(f) and 1831u(d)(2); <i>Seattle Trust &amp; Savings Bank v. Bank of California, N.A.</i>, 492 F.2d 48, cert. denied, 419 U.S. 844.</p> <p>FSAs that convert to NBs may continue to establish, operate, and acquire any branch in a state where it operated as an FSA. 12 U.S.C. 5451.</p>
<p><b>3. Foreign Branches</b></p>	<p>No express precedential determination.</p>	<p>NBs with capital and surplus of at least \$1 million, and Edge Act Corporations established by NBs, may establish a branch in a foreign country upon 30 days' prior written notice to the Federal Reserve Board (FRB) and notice to the OCC. 12 U.S.C. 601; 12 CFR 211.3(b)(1) and (2), 12 CFR 28.3 and 28.5. A NB may subsequently open additional branches in the same foreign country without providing notice to the FRB. 12 CFR 211.3(b)(4). A NB with branches in two or more foreign countries may establish a branch in other foreign countries following 12 days prior written notice to the FRB. 12 CFR 211.3(b)(3).</p> <p>Foreign branches of NBs are permitted to engage in any activity that is permissible for a NB within U.S. borders and usual in connection with the business of banking in the country where it transacts business. 12 CFR 28.4(a). In addition to general banking powers permitted under 12 U.S.C. 24(Seventh), a NB foreign branch may engage in any activity expressly permitted under Regulation K (12 CFR part 211). 12 CFR 28.4(b). Subject to various limitations, some of the activities specifically permitted by Regulation K include guaranteeing certain debts, underwriting, distributing, buying, selling, and holding government obligations of the country in which the branch is located, acting as an insurance agent or broker, engaging in repurchase</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>agreements for securities and commodities that are functional equivalents of extensions of credit, investing in the securities of the foreign country's central bank, clearinghouses and other governmental entities, and investing in foreign banks or other companies whose activities are incidental to the activities of the foreign branch. 12 CFR 211.4. A foreign branch of a national bank also may become a member of a foreign payment system despite potential open-ended liability for losses, provided it receives an EIC supervisory non-objection. To receive such EIC non-objection, the branch must demonstrate that the payment system appropriately mitigates operational risk and the branch can appropriately monitor and manage its potential risk exposures. OCC Interpretive Letter No. 1140 (Jan. 13, 2014).</p> <p>In addition to the OCC's examination and supervisory authority, the FRB has specific statutory authority to examine and issue regulations governing the activities of foreign branches of NBs. 12 U.S.C. 601 <i>et seq.</i>; 12 CFR part 28, subpart A and part 211, subpart A.</p>
<p><b>4. Interaffiliate Banking Arrangements</b></p>	<p>FSAs may enter into arrangements with affiliated FSAs to provide basic banking services, including deposit taking and closing and servicing loans, without filing branch applications. OTS Op. Ch. Couns. (Dec. 30, 1994). FSAs also may contract with affiliated banks to provide these services under certain circumstances. OTS Op. Ch. Couns. (Aug. 25, 1995).</p>	<p>A NB acting as an agent for a depository institution affiliate or a depository institution acting as an agent for a NB may receive deposits, renew time deposits, close loans, service loans, and receive payments on loans and other obligations without being considered a branch. 12 U.S.C. 1828(r)(1) and (2). These activities may be undertaken both on an intrastate and interstate basis. In addition, the OCC has recognized that other activities such as facilitating deposit account withdrawals may be undertaken between NB affiliates and between a NB and a state bank or FSA affiliate without being considered to be branching. See OCC Interpretive Letter No. 610 (Oct. 8, 1992).</p>
<p><b>5. Interstate Banking through Separate Financial Institution Subsidiaries</b></p>	<p>S&amp;L holding companies generally may acquire FSAs located in a new state and hold them as separate subsidiaries only if: (1) the laws of the new state would</p>	<p>Bank holding companies may acquire banks located in a new state and hold them as separate subsidiaries if they receive approval from the FRB, which must make certain</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>permit an FSA or FSA holding company in the existing home state to acquire a state FSA in the new state; or (2) the acquisition is approved under 12 U.S.C. 1823(k) (emergency acquisition authority). However, these restrictions do not apply where the new FSA and the existing FSA merge, provided the holding company has only one FSA subsidiary. 12 U.S.C. 1467a(e)(3).</p>	<p>determinations regarding the management and capitalization of the holding company, as well as compliance with applicable CRA laws. The target bank must comply with applicable state age limits and the resulting bank and its insured depository institution affiliates must comply with applicable state and national deposit concentration limits. 12 U.S.C. 1842(d).</p>
<p><b>6. Nonbranch Facilities (including Agency Offices, ATMs, Point-of-Sale ("POS") Terminals, and Automated Loan Machines ("ALMs"))</b></p>	<p>FSAs may establish agency offices without geographic limitation. No advance approval is required for an agency office that merely originates, services, and approves loans, manages REO, or conducts previously approved fiduciary activities. Case-specific approval is required for other activities. Any activity that could be conducted at a branch could be approved for an agency office, except making payments on savings accounts. 12 CFR 5.31(k). FSAs also may establish foreign agency offices with OCC approval and subject to safety and soundness restrictions imposed to address the unique risks that may be presented by foreign operations. OTS Op. Acting Ch. Couns. (June 13, 1994).</p> <p>FSAs may own, rent, or use ATMs and POS terminals without geographic restriction and without obtaining OCC approval. 12 CFR 155.200; OTS Op. Acting Ch. Couns. (Sept. 19, 1997). FSAs may establish and operate mobile banking facilities or ATMs. OTS Mem. Acting Ch. Couns. (May 16, 1994). ATMs are not considered branch offices requiring an application to the OCC. OCC Interpretive Letter No. 1161 (Nov. 28, 2018).</p> <p>FSAs may invest in corporations operating ATM and POS systems, subject to certain conditions. OTS Op. Ch. Couns. (Sept. 15, 1995).</p> <p>FSAs may establish ALMs. 12 CFR 155.200; OTS Op. Ch. Couns. (Sept. 19, 1997).</p>	<p>NBs may establish nonbranch facilities without geographic limitation notwithstanding state law and without OCC approval, but generally may not disburse loan proceeds or deposit account withdrawals to, or receive deposits from, customers in-person at these locations. (See 12 U.S.C. 36(j)). For example, NBs may establish loan production offices, deposit production offices ("DPOs"), engage in discount brokerage, and offer safe deposit boxes but generally may not disburse loan funds, receive deposits or pay withdrawals at these locations. 12 CFR 7.1003 - 7.1005 (loan production offices); 12 CFR 7.4004 (DPOs); 12 CFR 7.4005 (combinations of the above). NBs also may establish customer-operated RSUs, ATMs, ALMs, and POS terminals without regard to branching limitations. 12 U.S.C. 36(j); 12 CFR 7.4003 (ATMs and RSUs). RSUs may be equipped with a telephone or tele-video device that allows contact with bank personnel without being considered to be a branch. 12 CFR 7.4003.</p>

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	<p>FSAs may establish remote service units. 12 U.S.C. 1464(b)(1)(F).</p> <p>FSA service corporations are authorized to engage in remote service unit operation, leasing, ownership, or establishment. 12 CFR 5.59(f)(4)(ix).</p>	
<b>XI. ACTIVITIES CONDUCTED THROUGH AFFILIATES</b>		
<b>1. Financial Subsidiaries</b>	FSAs are not authorized to own financial subsidiaries.	<p>Qualified NBs are authorized to have financial subsidiaries in addition to operating subsidiaries. Among other things, a NB must deduct its investment in financial subsidiaries from its tangible equity, and the assets of a NB's financial subsidiaries cannot exceed the lesser of 45% of the bank's consolidated assets or \$50 billion. 12 U.S.C. 24a; 12 CFR 3.22(a)(7) and 12 CFR 5.39. To be eligible to have a financial subsidiary, a NB and all affiliated depository institutions must be well managed and well capitalized, and an insured NB and its insured affiliates must not have received a rating of less than satisfactory at the last CRA examination. If a NB is one of the 100 largest insured banks, the bank must have at least one issue of outstanding long-term, unsecured debt that meets such standards of creditworthiness or other criteria as the Secretary of the Treasury and the Federal Reserve may jointly establish pursuant to 12 U.S.C. 24a.</p> <p>Financial subsidiaries may engage in activities that are not permissible for the parent bank so long as the activities are "financial in nature" or incidental to financial activities. These activities include: (1) insurance sales from any location (including title insurance), (2) underwriting securities of all types, and (3) most of the other activities approved for bank holding companies or financial holding companies (including activities that are closely related to banking, e.g., owning an FSA, or permissible abroad, e.g., operating a travel agency).</p>



POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
		<p>Financial subsidiaries also may engage in activities that are financial in nature and activities that are incidental to financial activities, as determined by the Department of Treasury (in conjunction with the FRB). See, e.g., 12 CFR 225.86.</p> <p>In addition, financial subsidiaries may engage in activities permissible for operating subsidiaries. 12 CFR 5.39(e)(2).</p> <p>Financial subsidiaries may not make merchant banking investments as described under the Gramm-Leach-Bliley Act or engage in new insurance underwriting or real estate development/investment unless expressly authorized by law. 12 U.S.C. 24a.</p>
<p><b>2. Foreign Subsidiaries and Operations</b></p>	<p>FSAs may establish an international operating subsidiary so long as the activities are limited to those permissible for the parent savings association. See OTS Op. Acting Ch. Couns. (July 6, 1994). Subject to conditions, FSAs may create operating subsidiaries chartered in foreign countries to hold financial assets. OTS Mem. Ch. Couns. (Jan. 14, 2000).</p> <p>FSAs may establish operating subsidiaries organized under the laws of foreign countries. OTS Order No. 2003-54 (Oct. 21, 2003).</p> <p>FSAs' wholly-owned operating subsidiaries, established as Delaware LLCs, may maintain foreign offices. OTS Order No. 2002-40 (Sept. 6, 2002); OTS Order 2000-29 (March 22, 2000).</p> <p>FSAs may establish foreign agency offices with approval and subject to safety and soundness restrictions. OTS Op. Ch. Couns. (Sept. 15, 1995).</p> <p>FSAs may establish operating subsidiaries that are foreign-regulated banks. OTS Order No. 2007-61 (Dec. 6, 2007).</p>	<p>In addition to foreign branches, NBs may acquire foreign banks and establish Edge Act corporations subject to the approval of the FRB and notification to the OCC. 12 U.S.C. 601. Like foreign branches, these entities may conduct broader activities than permissible for NBs in the U.S., subject to FRB approval. A NB may guarantee deposits and other liabilities of these foreign operations. The activities include those set forth separately in Regulation K for member banks with subsidiary operations abroad and for Edge Act corporations. 12 CFR part 211. A national bank, subject to certain aggregate limitations, may make a portfolio investment in any organization that engages in any activities of a banking or financial nature or those necessary to carry on such activities if such investment is (1) 40 percent or less of the total equity of that organization, or (2) less than 20% of the voting shares of that organization. 12 CFR 211.8(c)(3)(i). In addition to the OCC's examination and supervisory authority, the FRB has specific statutory authority to examine and issue regulations governing the activities of these foreign offices of NBs. 12 U.S.C. 601 et seq.; 12 CFR part 28, subpart A, and 12 CFR part 211, subpart A.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>FSAs may establish lower-tier service corporations in foreign countries to engage in activities reasonably related to the activities of the FSAs (e.g., reinsurance of a portion of PMI on loans originated and underwritten by the FSA). OTS Order No. 2002-48 (Oct. 14, 2002); OTS Order No. 2002-12 (April 8, 2002).</p>	
<p><b>3. Holding Companies</b></p>	<p>Generally, FSAs may not be acquired by a company that is engaged in commercial activities. 12 U.S.C. 1467a(c)(9). A company that was a savings and loan holding company on May 4, 1999 or that became a savings and loan holding company pursuant to an application pending before the OTS on that date and meets certain additional requirements is not subject to activities restrictions ("Grandfathered SLHC"). 12 U.S.C. 1467a(c)(9)(C).</p> <p>Savings and loan holding companies other than Grandfathered SLHCs may engage in activities permitted for "financial holding companies" under section 4(k) of the Bank Holding Company Act ("BHCA") only if they meet certain requirements set forth at 12 CFR 238.63: (1) the savings and loan holding company and all depository institutions controlled by the savings and loan holding company must be and remain well capitalized; (2) the savings and loan holding company and all depository institutions controlled by the savings and loan holding company must be and remain well managed; and (3) the savings and loan holding company must make an effective election to be treated as a financial holding company.</p>	<p>NBs may be acquired by bank holding companies that engage only in activities that are closely related to banking, as determined by the FRB (subject to certain narrow exceptions). 12 U.S.C. 1843; 12 CFR part 225. In addition, NBs also may be acquired by financial holding companies (i.e., bank holding companies that satisfy certain requirements, which are engaged in activities that are financial in nature, incidental to financial activities, or complementary to financial activities). 12 CFR part 225, subpart I. However, a NB that engages only in credit card operations may be acquired by any type of company because the acquiring company would not be a bank holding company. 12 U.S.C. 1841(c)(2)(F). The same rule applies for a NB that engages only in trust activities. 12 U.S.C. 1841(c)(2)(D).</p>
<p><b>4. Offshore Operating Subsidiary or Service Corporation</b></p>	<p>FSAs may establish operating subsidiaries or lower-tier service corporations organized under foreign law. Duplicate set of records must be maintained in the U.S., and other conditions apply. OTS Order No. 2001-01 (Jan. 5, 2001) (operating subsidiary); OTS Order Nos. 2001-9 and 2001-10 (April 4, 2001)(service corporation).</p>	<p>A NB may establish an offshore operating subsidiary that will facilitate the funding of the bank's domestic mortgage lending operations. The subsidiary's books and records must be maintained in the U.S. and be accessible to the OCC. Conditional Approval No. 536, June 21, 2002.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<p><b>5. Operating Subsidiaries</b></p>	<p>FSAs may establish or acquire operating subsidiaries that engage exclusively in activities that FSAs may engage in directly. An FSA may invest in an operating subsidiary if: (1) the FSA has the ability to control the management and operations of the subsidiary, and no other person or entity exercises effective operating control over the subsidiary or has the ability to influence the subsidiary's operations to an extent greater than that of the FSA; (2) the FSA holds more than 50% of the voting shares of an operating subsidiary and no other person or entity may exercise effective operating control; and (3) the operating subsidiary is consolidated with the FSA under GAAP. 12 CFR 5.38. Pursuant to this authority, an FSA may hold one or more depository institutions as operating subsidiaries. 12 CFR 5.38(e)(2)(ii).</p> <p>An operating subsidiary may invest in other types of lower-tier entities. 12 CFR 5.38(e)(2)(i).</p>	<p>NBs may establish operating subsidiaries (in the form of traditional corporations, limited liability companies, limited partnerships, or similar entities) that engage in activities that are permissible for the parent bank as part of or incidental to the business of banking or otherwise authorized by statute. Adequately capitalized and well capitalized NBs may engage in certain activities in operating subsidiaries under preapproved notice procedures, and eligible banks may engage in certain activities under expedited review procedures. A NB may invest in an operating subsidiary if: (1) it has the ability to control the management and operations of the subsidiary and no other person or entity exercises effective operating control over the subsidiary or has the ability to influence the subsidiary's operations to an extent greater than that of the bank; (2) it holds more than 50% of the voting stock of the operating subsidiary; and (3) the operating subsidiary is consolidated with the bank under GAAP. The OCC permits NBs to own certain types of depository institutions with limited purpose charters, <i>i.e.</i> trust banks and CEBA credit card banks as operating subsidiaries. 12 U.S.C. 24(Seventh); 12 CFR 5.34.</p> <p>A NB may establish an operating subsidiary in the form of a limited partnership. OCC Corporate Decision No. 2004-16 (Sept. 10, 2004).</p>
<p><b>6. Service Corporations</b></p>	<p>FSAs may invest up to 3% of their assets in service corporations. Any investment that would cause an FSA's investment in service corporations in the aggregate to exceed 2% of assets, or made while the FSA's investments in service corporations exceeds 2% of assets, must serve primarily community, inner city, or community and economic development/public welfare purposes. FSA service corporations are authorized to engage in any activity that FSAs may conduct directly, except taking deposits. 12 CFR 5.59; 12 U.S.C. 1464(c)(4)(B).</p>	<p>NBs are not authorized to invest in service corporations.</p>

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
	<p>Specific authorized activities include: (1) any activities that an FSA may perform directly; (2) a wide range of business and professional services; (3) credit-related activities; (4) consumer services; (5) real estate-related services; (6) securities activities, liquidity management, and coins; (7) investments; (8) community development and charitable activities; and (9) activities conducted on behalf of a customer on an other than "as principal" basis. 12 CFR 5.59(f)(1)-(f)(10).</p> <p>FSA service corporations are not limited to performing the specific activities in the regulation. Service corporations may seek approval to engage in any activity that is "reasonably incident to" an expressly authorized activity. 12 CFR 5.59(f)(11).</p> <p>An FSA need not control the service corporations, but ownership of first tier service corporations is limited to FSAs with home offices in the same state. 12 U.S.C. 1464(c)(4)(B)</p> <p>FSAs may generally make loans to majority-owned service corporations (over and above their 3% service corporation investment limit) to the extent authorized under any other lending or investment provision of the HOLA and 12 CFR parts 5 and 160, up to the available lending capacity that remains under relevant authorities. 12 CFR 5.59(g)(2).</p> <p>The amount of loans that may be extended to a service corporation other than a GAAP-consolidated subsidiary are subject to the lending limits in 12 CFR part 32. 12 CFR 5.59(g)(2)(i).</p>	

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>XII. MISCELLANEOUS</b>		
<b>1. Affinity Relationships</b>	FSAs may issue affinity credit cards. See 12 U.S.C. 1464.	NBs may solicit "affinity" relationships with other groups and commercial entities to establish a private label banking clientele. Under the authority to use multiple trade names, NBs may offer its products and services to customers or members of the affinity group under a private label and establish individual divisions to provide products and services specific to the needs expressed by affinity groups. Corporate Decision No. 2001-18 (July 3, 2001).
<b>2. Borrowing and Other Liabilities</b>	<p>FSAs may borrow and give security. FSAs may enter into suretyship and guaranty agreements, subject to certain requirements. 12 U.S.C. 1464(b)(2); 12 CFR 160.60.</p> <p>FSAs may obtain secured advances from FHLBs in amounts up to 20 times an FSA's investment in FHLB stock, and also may obtain secured or unsecured loans from and issue secured or unsecured obligations to third parties in unlimited amounts, subject to safety and soundness. 12 U.S.C. 1430 and 12 U.S.C. 1464(b)(2); 12 CFR 163.80.</p> <p>FSAs may borrow from a state mortgage finance agency in the state where the FSA's home office is located subject to certain capital and other requirements. 12 U.S.C. 1464(b)(3).</p>	<p>NBs have authority to borrow money and may pledge assets to secure their borrowings. 12 U.S.C. 24(7), 12 U.S.C. 347 <i>et seq.</i></p> <p>NBs may obtain secured advances from Federal Reserve Banks, without prescribed limits. NBs also may become members of FHLBs and obtain FHLB advances on the same basis as FSAs, except the ratio of advances to stock will be lower if the NB does not meet the QTL test. 12 U.S.C. 1424 and 12 U.S.C. 1430.</p>
<b>3. Charitable Contributions</b>	<p>FSAs may make reasonable charitable contributions either directly or through charitable foundations established by them. OTS Op. Ch. Couns. (Nov. 12, 1992).</p> <p>FSA service corporations are authorized to engage in certain community development and charitable activities. 12 CFR 5.59(f)(8)-(9).</p>	NBs may make charitable contributions and may establish charitable foundations if not prohibited by state law. 12 U.S.C. 24(Eighth).

POWER	FEDERAL SAVINGS ASSOCIATIONS ("FSAs")	NATIONAL BANKS ("NBs")
<b>4. Leasing of Employees</b>	No express precedential determination.	NBs may lease employees from a contractor, subject to directors' obligation to supervise the bank. OCC Interpretive Letter No. 431 (Nov. 5, 1987). NBs may hire customers' employees and lease them back (employee outsourcing). Conditional Approval No. 384 (Apr. 25, 2000).
<b>5. Leasing Lobby Space; Sharing Space and Personnel</b>	FSAs may lease lobby space to other companies provided there is a clear demarcation between the lessee's space and the institution's space. 12 CFR 7.3001.	<p>In general, a NB may lease property it does not need for its current use, provided the lessee business is appropriately and separately identified. The NB may not enter into a partnership or joint venture with the lessee. 12 U.S.C. 24(Seventh) and 12 U.S.C. 29; 12 CFR 7.3001; OCC Interpretive Letter No. 342 (May 22, 1985).</p> <p>A NB may lease space and conduct business in other types of retail establishments such as supermarkets provided it meets certain conditions. NBs also may share employees with these establishments. 12 CFR 7.3001.</p>
<b>6. Leasing of Personal Property</b>	<p>FSAs may lease personal property. 12 CFR 5.38(e)(5)(v)(J).</p> <p>Service corporations are authorized to lease personal property. 12 CFR 5.59(f)(3)(ii).</p>	NBs may lease personal property for their own use. 12 CFR 5.34(e)(5)(v)(M).
<b>7. Political Contributions</b>	FSAs owned in stock form are prohibited from making political contributions to candidates. 52 U.S.C. 30118	NBs are prohibited from making political contributions to candidates. 52 U.S.C. 30118
<b>8. Participation in Payment Systems</b>	No express precedential determination.	A NB may become a participant in a real-time payment system to facilitate real-time, small dollar, irrevocable payments to customers. A NB would be required to enter into an open-ended indemnity agreement with a Federal Reserve Bank to cover certain Reserve Bank losses. OCC Interpretive Letter No. 1157 (Nov. 12, 2017).
<b>9. Offering Weight Loss Program to Employees</b>	FSAs may offer weight loss program offered by an LLC, which awards prizes to employees, without running afoul of the prohibitions against engaging in lottery-related activity under 12 U.S.C. 1463(e). OCC Interpretive Letter No. 1153 (May 11, 2015).	NBs may offer weight loss program offered by an LLC, which awards prizes to employees, without running afoul of the prohibitions against engaging in lottery-related activity under 12 U.S.C. 25a. OCC Interpretive Letter No. 1153 (May 11, 2015).