

February 1, 2024

**Conditional Approval #1317
March 2024**

Jeffrey L. Hare, Partner
DLA Piper LLP (US)
500 8th Street, NW
Washington, DC 20004

Subject: Application to charter Paycom National Trust Bank, Oklahoma City, Oklahoma
OCC Control Number: 2022-SO-Charter-329742
National Charter Number: 25289

Dear Mr. Hare:

The Office of the Comptroller of the Currency (OCC) has reviewed your application, filed on behalf of the organizers, to establish a new national trust bank, which will engage solely in fiduciary activities, with the title of Paycom National Trust Bank (proposed Bank). The OCC hereby grants preliminary conditional approval of your charter application upon determining that your proposal meets certain regulatory and policy requirements.

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the proposed Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership.

The OCC has granted preliminary conditional approval only. Final approval and authorization for the proposed Bank to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to modify, suspend or rescind this preliminary conditional approval should the OCC deem any interim development to warrant such action.

The Proposed Bank

Organizers made application to the OCC under sections 21, 24(Seventh), and 92a of the National Bank Act, and 12 CFR 5.20, to charter Paycom National Trust Bank, Oklahoma City, Oklahoma. The Bank will be an uninsured national bank whose operations will be limited to those of a trust company and activities related thereto. *See* 12 USC 27(a) (last sentence). The application was made of behalf of Paycom Software, Inc., Oklahoma City, Oklahoma, the Bank's non-bank parent holding company. The Bank will serve as trustee for trust(s) established by its affiliate,

Paycom Payroll, LLC, to hold and manage human capital management and related payment obligations.

This preliminary conditional approval is subject to the following conditions:

1. The Bank shall limit its business to the operations of a trust company and activities related or incidental thereto. The Bank shall not engage in activities that would cause it to be a “bank” as defined in section 2(c) of the Bank Holding Company Act.
2. The Bank shall: (i) give the Midsize and Trust Bank Supervision Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations, and (ii) obtain the OCC’s written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank’s notice. This condition shall remain in effect during the Bank’s first three years of operation.
3. The Bank must maintain \$7 million in tier 1 capital, of which 75 percent or \$5.25 million, must be held in eligible liquid assets. In addition, the Bank must maintain 180 days of operating expenses in Eligible Liquid Assets¹. This condition shall remain in effect during the Bank’s first three years of operation.
4. After the Bank commences business, prior to the appointment of any individual to the position of “senior executive officer”, as defined in 12 CFR 5.51(c)(4), or the appointment of any individual to the board, the Bank shall submit to the OCC for a written determination of no supervisory objection the information described in the “Changes in Directors and Senior Executive Officers” booklet of the Comptroller’s Licensing Manual (June 2019) or any subsequent updates. The requirement to submit this information is based on the authority of 12 USC 1818(b) and 12 CFR 5.13(a)(1) and does not require the OCC to review or act on any such information within 90 days. This condition shall remain in effect during the Bank’s first three years of operations.
5. The Bank must maintain on file on its premises current financial information on the parent company (e.g., audited financial reports, quarterly financial statements, 10-K and 10-Q reports as appropriate). The financial information must be provided to the Midsize and Trust Bank Supervision Office once it becomes available.

¹ The term “Eligible Liquid Assets” means only Liquid Assets that exceed the aggregate amount of all deposits, borrowed funds, and other liabilities on the Bank’s balance sheet that reflect an obligation to repay funds to any party. The term Eligible Liquid Assets shall not include any assets that are pledged in any manner, nor any assets that are not free and kept free from any lien, encumbrance, charge, right of set off, credit or preference in connection with any claim against the Bank. The term “Liquid Assets” means: (i) unencumbered cash; (ii) deposits at insured depository institutions with a maturity of 90 days or less; (iii) United States government obligations maturing within 90 days or less; and (iv) such other assets as to which the Bank has obtained a written nonobjection from the OCC. The term Eligible Liquid Assets shall not include any obligations of any other affiliate.

6. At any time the OCC determines in its sole discretion, the Bank shall appoint a full-time President/CEO who is not operating in a dual-hatted capacity. This condition shall remain in effect during the Bank's first three years of operations.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Organizers, Directors and Officers

The OCC poses no objection to the following persons serving as executive officers, directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Craig E. Boelte	Organizer, Director, President
Jason D. Clark	Organizer, Director
Matthew A. Paque	Organizer, Director
Frederick C. Peters II	Organizer, Director
Bradley S. Smith	Organizer, Director
J. C. Watts, Jr.	Director
Jon Anderson	Vice President of Trust
Rachel E. O'Connor	Vice President of Finance and Cashier

Information required by the OCC to complete background checks on Mr. Anderson and Mr. Watts has not been received. Accordingly, the service of these individuals in the manner proposed will be dependent on satisfactory completion of the background investigation process.

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position.

Organizing Steps and Pre-opening Requirements

The Bank's initial paid-in capital, net of all organizational and preopening expenses, shall be no less than \$7 million. The manner in which capital is raised must not deviate from that described in the application without prior written OCC notification. If the capital for the Bank is not raised within 12 months or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

The “Charters” booklet in the Comptroller’s Licensing Manual provides guidance for organizing your bank. The booklet is located at the OCC's web site:

<https://www.occ.gov/publications/publications-by-type/licensing-manuals/charters.pdf>. The booklet contains all of the steps you must take to receive final approval.

As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to Licensing Analyst Justin E. Holder for our review and acceptance. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not engage in fiduciary activities until it fulfills all requirements for a bank in organization and the OCC grants final approval.

In addition to the standard requirements for all new national banks, the following special requirements must be satisfied prior to the Bank’s request for a preopening examination and before the OCC will grant final charter approval:

(1). The Bank must submit to the Midsize and Trust Bank Supervision Office for review, and prior written determination of no supervisory objection, a complete description of the Bank’s final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

(2). The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:

- All access points, including the Internet, Intranet, or remote access.
- The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, refer to the “Information Security Booklet” of the FFIEC IT Examination Handbook.

(3). The Bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 CFR 30, Appendix B.

This preliminary conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our preliminary conditional approval is based on the bank’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this preliminary conditional approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States

Please include the OCC control number on any correspondence related to this filing. If you have any questions, contact Licensing Analyst Justin E. Holder at (212) 790-4014 or justin.holder@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing