



STANDARD MERGER LETTER OF INSTRUCTION

GENERAL

This Letter of Instruction sets forth the items and actions that need to be addressed for intra/inter-district Depository Institution Mergers. With the numerous mergers, consolidations, acquisitions, title changes, etc., that have occurred and are occurring, it appears prudent for the Depository Institution to have a set of standard guidelines that can be followed when a merger is about to take place. These issues should be addressed in detail, in writing, and be received by the Federal Reserve Bank of Philadelphia at least **TWO WEEKS** prior to the effective merger date. The information notification letter to the Federal Reserve Bank should be on the surviving bank's stationary and be signed by an appropriate official. This guideline addresses issues related to operational changes in service arrangements, reserve/clearing balances, reporting relationships and requirements, etc. It is presumed that the legal and regulatory issues have been addressed, finalized and approved by the appropriate regulatory agencies. In addition, any merger resulting in a sub-account structure under Interstate Bank Branching (ISBB) should be incorporated into the following paragraphs. The response should be addressed to:

Mr. Vish P. Viswanathan, Vice President
Supervision, Regulation and Credit
Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, PA 19106

The format of the letter should respond to, but not be limited to, the following issues:

1. Merger Data – The merger date, name, title, and ABA# of the SURVIVOR institution. The current name, title, ABA#(s) of the NON-SURVIVING institution(s) with their respective name changes and address after the merger. **Please Note:** All non-survivor Accounting Statements will be discontinued as of the date of the merger unless specifically requested with an applicable business reason.
2. Balance Transfer – If and when the balances of the non-survivor should be transferred and to whom by ABA number.
3. Funds Transfer – Instructions as to the termination of the non-survivors funds activity after the merger.
4. Clearing Balance – Instructions as to the status of the clearing account if applicable.
5. Unused Earning Credits – If applicable, instructions to transfer the unused earnings credits to the survivor.
6. Deposit Reporting – The date for consolidated reporting under the new RSSD ID.
7. Reserve Requirements – The date and maintenance period that the two DIs will consolidate reporting.
8. Currency & Coin – A description of continuance or discontinuance of this service to the survivor and non-survivor.
9. Check, Adjustments, and Returns – A detailed explanation or the survivor's plans for utilizing Fed check services for both themselves and the non-survivor. At a minimum these plans should cover cash letter deposits (including changes in deposit types), Fed presentments (including changes in courier delivery or pickup instructions), survivor staff contact names, and the status (duration) on the acceptance of the non-survivor's items processed after the merger is completed. Instructions should also address Check Return Notification, Fedwire type code 30's, after the merger effective date.
10. ACH - Instructions as to the continued handling of ACH activity, including deposit, delivery, settlement and advisement, for both the survivor and non-survivor should be documented.
11. Treasury Tax & Loan – Plans on processing TT&L items after the merger for the surviving institution.
12. Securities – Written instructions on the transfer of securities and processing directions after the merger effective date.
13. Net Settlement – Instructions on the non-survivors activity, as Agent or Participant, for Wire Clearings or County Group Clearings.
14. Borrowing Agreements – Written confirmations that borrowing agreements for the non-survivor are no longer valid and their borrowing capability has been discontinued.
15. Fedline and Host User ID – The status and locations of the Fedline terminal(s) for the non-survivor after the effective date of the merger.



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16. Capital Stock – The plans for surrendering Capital Stock for the non-survivor and the issuance of new Capital Stock for the survivor.
17. Respondents – Any and all information regarding respondents of the non-survivor and how they should be handled after the effective date of the merger. Please note: New agreements for all respondents will be necessary.

TELEPHONE NUMBERS

In preparing your letter of instruction for upcoming mergers, general questions concerning mergers should be addressed to Donna Wilson, Supervising Financial Analyst at 215-574-6595 or Janet Rizzo, Manager Customer Service at 215-574-4352.

SUMMARY

The above format and directions are required for all mergers and data should be received by FRB Philadelphia **TWO (2) WEEKS** prior to the effective merger date. In certain situations, mergers between large financial institutions or mergers between institutions located in different Federal Reserve Districts may be complex. In those cases, a pre-merger meeting or conference call with the FRBP staff may be advisable, and will ensure the coordination of operational changes and reporting relationships. We will arrange, at your request, a meeting with your operating staff and our staff to assist in this endeavor.