



**Conditional Approval #1137
November 2015**

October 7, 2015

Zachary Abeles
Senior Vice President and Deputy General Counsel
Stifel Financial Corporation
501 North Broadway
St. Louis, Missouri 63102

Subject: Applications to merge Stifel Trust Company, NA into Stifel Interim, NA and merge Stifel Interim, NA into 1919 Investment Counsel and Trust Company, NA, with the resulting institution's main office located in St. Louis, Missouri and named Stifel Trust Company, NA. (OCC Control Nos. 2015-NE-Combination-142074 and 2015-NE-Combination-142078)

Applications by 1919 Investment Counsel and Trust Company, NA to reduce permanent capital (OCC Control Nos. 2015-Cap&Div-142086, 2015-Cap&Div-144902, and 2015-Cap&Div-144903)

Charter Nos.: 24627 – 1919 Investment Counsel and Trust Co., NA
25007 – Stifel Trust Company, NA
25117 – Stifel Interim, NA

Dear Mr. Abeles:

The Office of the Comptroller of the Currency (OCC) hereby grants conditional approval for the applications to merge Stifel Trust Company, NA, St. Louis, Missouri (Existing STCNA) with and into Stifel Interim, NA, St. Louis, Missouri (Stifel Interim) and immediately thereafter merge Stifel Interim with and into 1919 Investment Counsel and Trust Company, NA, Baltimore, Maryland (1919), with the resulting institution named Stifel Trust Company, NA (STCNA) and its main office located in St. Louis, Missouri. The OCC also hereby conditionally approves the above referenced applications by 1919 to reduce permanent capital. These conditional approvals are granted based on a thorough review of the applications, other materials you have supplied, and other information available to the OCC, including the commitments and representations made in the applications and supplemental materials, and by the applicants' representatives during the application process. These approvals are subject to the conditions set out herein.

Background and Transactions

Applications were filed with the OCC to charter Stifel Interim, merge Existing STCNA with and into Stifel Interim (the Interim Merger), and immediately thereafter, merge Stifel Interim with and into 1919 (the Interstate Merger and collectively with the Interim Merger, the Mergers), with the resulting institution named Stifel Trust Company, National Association (STCNA) and its main office located in St. Louis, Missouri. STCNA also intends to retain 1919's current main office location in Maryland as a trust office.

Existing STCNA and 1919 are national banks whose activities are limited to those of a trust company and activities related thereto.¹ Both are wholly owned subsidiaries of Stifel Financial Corp., a Delaware corporation and registered financial holding company under the Bank Holding Company Act of 1956, as amended (SFC). 1919 is insured by the Federal Deposit Insurance Corporation (FDIC);² Existing STCNA is not insured. Existing STCNA provides comprehensive personal fiduciary services to the geographic areas serviced by SFC and SFC's subsidiaries— Stifel Bank and Trust, Stifel, Nicolaus & Company, Incorporated, and their affiliated companies. Fiduciary services encompass trustee services for a wide variety of trust types as well as investment management and estate settlement services.

STCNA will be an insured national bank whose activities are limited to a trust company and activities related thereto. It will be wholly owned by SFC.

Applications were also filed by 1919 to reduce its permanent capital prior to the Mergers through a cash distribution and the distribution of its two wholly owned subsidiaries, 1919 Investment Counsel, LLC and 1919 Services Company, LLC, to SFC.³

Legal Authority for the Transactions

1. The Interim Merger

Under 12 USC 21 et seq., the OCC is authorized to establish an interim national bank to accomplish a "business combination."⁴ An interim national bank is insured upon issuance of its charter.⁵ Stifel Interim is being established to facilitate the merger of Existing STCNA and

¹ See 12 USC 27(a), last sentence.

² Although 1919 is insured by the FDIC, it does not accept deposits from the public; it holds only an affiliate deposit in the minimum amount necessary to be deemed engaged in the business of receiving deposits other than trust funds under the FDIC's regulations. See 12 CFR 303.14

³ 1919 Investment Counsel, LLC is a registered investment advisor and 1919 Services Company, LLC provides administrative services to an investment advisory client of 1919 Investment Counsel, LLC.

⁴ See 12 USC 24(Seventh); 12 CFR 5.33(d)(7), (e)(4) & (f)(2). Cf: 12 USC 1831u(a)(6) (use of interim shell banks in interstate mergers) & 1815(a)(2) (insured status for interim Federal depository institutions).

⁵ 12 USC 1815(a)(2).

1919, first through the intrastate merger of Existing STCNA with and into Stifel Interim, and then the interstate merger of Stifel Interim with and into 1919.⁶

Existing STCNA is a national bank with its main office in Missouri. Stifel Interim is a national bank also with its main office in Missouri. In accordance with 12 USC 215a(1), one or more national banking associations, with the approval of the Comptroller, may merge into a national banking association located within the same state, under the charter of the receiving association.⁷ Existing STCNA and Stifel Interim are located in the same state for purposes of section 215a. Section 215a has other procedural requirements that must be met.⁸ Existing STCNA and Stifel Interim have met these requirements.⁹ Consequently, the Interim Merger is legally authorized.¹⁰

Existing STCNA exercises fiduciary powers. No separate approval is required for Stifel Interim to exercise fiduciary powers. Pursuant to 12 CFR 5.26(b)(1), when two or more national banks merge and any of them had received OCC approval to exercise fiduciary powers and that approval is in force at the time of the merger, the national bank resulting from the merger may exercise fiduciary powers in the same manner and to the same extent as the national bank to which the approval was originally granted. Accordingly, Stifel Interim succeeds to the fiduciary powers of Existing STCNA and the fiduciary appointments of Existing STCNA transfer by operation of law in the Interim Merger.¹¹

⁶ The directors of interim national banks are subject to the same requirements as directors of national banks that intend to open for business, including the requirements of 12 USC 72. The directors of Stifel Interim meet these requirements.

⁷ See also 12 CFR 5.33(g)(1).

⁸ These requirements include the approval of the merger by each bank's board of directors and shareholders, and the merger agreement must state the amount of capital stock of the resulting institution and indicate the resulting institution will be liable for all liabilities of the target institution.

⁹ We have also considered whether the Interim Merger raises any concerns as a transaction between affiliated institutions under 12 USC 371c and 371c-1. Stifel Interim is not paying any consideration in the Interim Merger, but the Interim Merger could be a covered transaction under 12 USC 371c to the extent Existing STCNA has liabilities on its books that would become liabilities of Stifel Interim. There is an exemption in Regulation W at 12 CFR 223.42(j) for transactions subject to approval under the Bank Merger Act, but it applies only to transactions between a member bank and an affiliated depository institution; "depository institution" means an insured depository institution (12 CFR 223.3(k)). Existing STCNA is not insured and so the exemption does not apply to the Interim Merger. To eliminate any concern regarding compliance with the quantitative limits under section 371c and Regulation W, Existing STCNA and SFC have represented that Existing STCNA will have paid off any outstanding liabilities prior to consummating the Interim Merger. The OCC has also reviewed the transaction with regard to compliance with other requirements and restrictions under sections 371c and 371c-1.

¹⁰ Because the Interim Merger is a merger between an uninsured bank and an insured bank, FDIC approval of the merger is also required pursuant to the Bank Merger Act, 12 USC 1828(c). See 12 USC 1828(c)(1)(A). An application was filed with the FDIC, and the FDIC approved the Interim Merger on June 4, 2015.

¹¹ See 12 USC 215a(e).

2. The Interstate Merger

A. Legal Authority for the Interstate Merger

1919 filed an application with the OCC to merge Stifel Interim with and into 1919 immediately following the Interim Merger. Mergers of insured banks with different home states are authorized under 12 USC 1831u(a)(1),¹² which was adopted as part of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Riegle-Neal Act).¹³

An application to engage in an interstate transaction under 12 USC 1831u is subject to certain requirements and conditions set forth in the Riegle-Neal Act, including compliance with any permissible state-imposed age requirements; compliance with federal and certain permissible state filing requirements; compliance with certain deposit concentration limits; community reinvestment compliance; and adequacy of capital and management skills. The OCC has determined that the Interstate Merger satisfies these requirements to the extent applicable. The Interstate Merger is legally authorized under 12 USC 215a-1 and 1831u.

B. Retention of Main Office and Trust Office

STCNA, the resulting bank in the Interstate Merger, seeks to designate the main office of Stifel Interim as its main office. Under 12 USC 1831u(d)(1), “a resulting bank may, subject to the approval of the appropriate Federal banking agency, retain and operate, as a main office or a branch, any office that any bank involved in an interstate merger transaction was operating as a main office or a branch immediately before the merger transaction.” Thus, STCNA may retain and operate Stifel Interim’s main office as its main office.¹⁴

STCNA also seeks to retain 1919’s current main office as a trust office. National banks may establish trust offices in any state under 12 CFR 9.

As discussed above, in a merger between national banks, if any of the banks has been authorized to exercise fiduciary powers, the resulting bank may exercise fiduciary powers in the same manner and to the same extent as the national bank to which approval was originally granted.¹⁵

¹² See also 12 USC 215a-1.

¹³ The home state of a national bank is the state where its main office is located. 12 USC 1831u(g)(4)(A)(i). Stifel Interim’s home state is Missouri; 1919’s home state is Maryland. The Riegle-Neal Act permitted a state to elect to prohibit such interstate transactions if it did so between September 29, 1994 and May 31, 1997. Neither Missouri nor Maryland exercised this opt-out authority.

¹⁴ Upon consummation of the Interstate Merger, 1919 will change its name to STCNA. This is permissible in accordance with 12 USC 30 and 12 CFR 5.42.

¹⁵ See 12 CFR 5.26(b)(1).

STCNA is thus authorized to exercise fiduciary powers, and all fiduciary appointments transfer by operation of law in the Interstate Merger.¹⁶

C. The Bank Merger Act

The Interstate Merger is subject to OCC review and approval under the Bank Merger Act (BMA).¹⁷ The OCC reviewed the Interstate Merger under the criteria of the BMA and applicable related OCC regulations and policies. Under the BMA, the OCC generally may not approve a merger if the effect may be substantially to lessen competition.¹⁸ Among other matters, the OCC found that the proposed mergers would not have any anticompetitive effects. The BMA also requires the OCC to consider the financial and managerial resources and future prospects of the institutions involved, the convenience and needs of the community to be served, and the risk posed to the stability of the United States banking or financial system.¹⁹ The OCC must also take into consideration the effectiveness of each insured depository institution involved in combatting money laundering activities.²⁰ The OCC considered these factors and found them consistent with approval of the Interstate Merger.²¹

3. Reduction in Permanent Capital

Immediately prior to the Mergers, 1919 will distribute cash and its two wholly owned subsidiaries, 1919 Investment Counsel, LLC and 1919 Services Company, LLC, to SFC. 1919 filed applications with the OCC for approval to change its capital structure by permanently reducing its capital surplus to reflect the distributions, pursuant to 12 USC 59 and 12 CFR 5.46. The applications satisfy the requirements of 12 CFR 5.46(i)(1). The OCC approves the capital reductions.

¹⁶ See 12 USC 215a(e).

¹⁷ 12 USC 1828(c)(2)(A).

¹⁸ 12 USC 1828(c)(5)(A) &(B).

¹⁹ 12 USC 1828(c)(5) (text after subparagraph (B)).

²⁰ 12 USC 1828(c)(11).

²¹ In addition, under the BMA, the OCC generally may not approve any interstate merger transaction that results in the resulting insured national bank controlling more than 10 percent of the total amount of deposits of insured depository institutions in the United States; this restriction is not applicable to a merger of affiliates. See 12 USC 1828(c)(13). In any event, the Interstate Merger involves Stifel Interim, which has no deposits, and 1919, which holds only the minimum deposit amount necessary to retain its FDIC insurance. Further, under 12 USC 1852, as implemented by Regulation XX, 12 CFR 251, an insured national bank generally may not merge with or acquire all or substantially all of the assets of another company, if the total consolidated liabilities of the acquiring institution upon consummation of the transaction would exceed 10 percent of the aggregate consolidated liabilities of all financial companies at the end of the preceding calendar year. This is not a concern in the case of the Interstate Merger.

Section 1818 Conditions

These approvals are subject to the following conditions:

1. The capital reductions shall occur prior to the Mergers; the Mergers shall not consummate until the capital reductions are completed.
2. Within one (1) business day after consummation of the Mergers, STCNA shall enter into a written Operating Agreement with the OCC on terms and conditions acceptable to the OCC. STCNA shall thereafter implement and adhere to the terms of the Operating Agreement.
3. Within seven (7) business days after the effective date of the Operating Agreement between STCNA and the OCC, STCNA shall enter into a written Capital Assurance and Liquidity Maintenance Agreement (CALMA) with SFC on terms and conditions acceptable to the OCC, setting forth SFC's obligation to provide capital and liquidity support to STCNA if and when necessary. STCNA shall thereafter implement and adhere to the terms of the CALMA.

These conditions of 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.

Consummation Requirements and Conclusion

Please advise Northeastern District Licensing in writing in advance of the desired effective date for the Mergers so the OCC may issue the necessary certification letter. To the extent not already provided, please ensure that you submit the following prior to consummating the Mergers:

1. An executed Addendum to Agreement and Plan of Merger.
2. For each of the Mergers, a secretary's certificate certifying that shareholder approval has been obtained.
3. For each of the Mergers, a secretary's certificate from each institution certifying that the board of directors has approved the transaction.

To the extent not already provided, please ensure that you submit the following prior to completing the capital reductions:

4. A secretary's certificate from 1919 certifying that shareholder approval has been obtained.

Upon completion of the capital reductions and consummation of the Mergers, please notify Northeastern District Licensing and provide Articles of Association for STCNA.

Mr. Zachary Abeles
Stifel Financial Corp.
OCC Control Nos.: 2015-NE-142074, 142078, 142086, 144902, and 144903

The Mergers must consummate and the capital reductions must be completed within one year of these conditional approvals. These conditional approvals shall automatically expire after one year, unless the OCC grants an extension.

These conditional approvals and the activities and communications by OCC employees in connection with the filings 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. These conditional approvals are based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind these approvals if a material change in the information on which the OCC relied occurs prior to the date of the transactions to which these conditional approvals pertain. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence and documents concerning these conditional approvals should be directed to Licensing Analyst Kerry Rice (212) 790-4023 or kerry.rice@occ.treas.gov.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so that we may continue to improve our service.

Sincerely,

signed

Stephen A. Lybarger
Deputy Comptroller for Licensing

Enclosure: Survey Letter