



**Conditional Approval #1155**  
**July 2016**

June 13, 2016

Mr. Zachary A. Abeles  
Senior Vice President  
Stifel Financial Corp.  
One Financial Plaza  
501 North Broadway  
St. Louis, Missouri 63102

Re: Applications to charter Stifel-Sterne Interim, National Association, Birmingham, Alabama, merge The Trust Company of Sterne Agee, Inc., Birmingham, Alabama, with and into Stifel-Sterne Interim, National Association (the Interim Merger), and immediately thereafter merge Stifel-Sterne Interim, National Association with and into Stifel Trust Company, National Association, St. Louis, Missouri (the Interstate Merger and collectively with the Interim Merger, the Mergers)

OCC Control Numbers: 2016-NE-Combination-146879  
2016-NE-Combination-146882

Dear Mr. Abeles:

The Office of the Comptroller of the Currency (OCC) hereby grants conditional approval for the applications to merge The Trust Company of Sterne Agee, Inc., Birmingham, Alabama (Sterne Agee) with and into Stifel-Sterne Interim, National Association, Birmingham, Alabama (Stifel-Sterne Interim) and immediately thereafter merge Stifel-Sterne Interim with and into Stifel Trust Company, National Association, St. Louis, Missouri (STCNA). 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 condition set out herein.

These approvals are subject to the following condition:

1. Within thirty (30) days of consummating the Mergers, STCNA shall revise its most recent Business Plan to which the OCC has provided a written determination of no supervisory objection to reflect the Mergers, and ensure it otherwise meets the requirements of Article IV, paragraph (2) of the December 31, 2015 Operating Agreement, and submit the revised Business Plan to the OCC for a written determination of no supervisory objection. Once STCNA receives the OCC's written determination of

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no supervisory objection to the revised Business Plan, STCNA shall promptly adopt, implement and thereafter adhere to the revised Business Plan, and shall not make a material change to or significantly deviate from the revised Business Plan except in accordance with Article IV, paragraph (4) of the Operating Agreement.

This condition of approval is a condition “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 condition is enforceable under 12 USC 1818.

## **Background and Transactions**

Applications were filed with the OCC as stated in the subject line above. Furthermore, Sterne Agee is an uninsured Alabama chartered trust company and STCNA is a Federal Deposit Insurance Corporation (FDIC) insured national bank whose activities are limited to those of a trust company.<sup>1</sup> STCNA will retain its main office location and its trust office in Baltimore; it does not intend to retain Sterne Agee’s current location as a trust office.

## **Legal Authority for the Transactions**

### **A. The Interim Merger<sup>2</sup>**

Under 12 USC 21 et seq., the OCC is authorized to establish an interim national bank to accomplish a “business combination.”<sup>3</sup> The OCC is also authorized to grant trust powers to a national bank, pursuant to 12 USC 92a and 12 CFR 5.26, when not in contravention of state or local law. Alabama permits state institutions to engage in fiduciary activities.<sup>4</sup> Therefore, the organization of Stifel-Sterne Interim with fiduciary powers is legally permissible. Stifel-Sterne Interim is being established to facilitate the merger of Sterne Agee into STCNA, first through the intrastate merger of Sterne Agee with and into Stifel-Sterne Interim, and then the interstate merger of Stifel-Sterne Interim with and into STCNA.

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<sup>1</sup> See 12 USC 27(a), last sentence.

Although STCNA 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.

<sup>2</sup> 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). The FDIC approved the Interim Merger on April 19, 2016.

<sup>3</sup> 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) & 12 USC 1815(a)(2) (insured status for interim Federal depository institutions).

<sup>4</sup> See Ala. Code 5-11A-1.

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Stifel-Sterne Interim is a national bank with its main office in Alabama. Sterne Agee, an Alabama chartered trust company, is a “state bank” as defined in 12 USC 215b(1).<sup>5</sup> In accordance with 12 USC 215a, one or more national banking associations or one or more State banks, with the approval of the Comptroller, under an agreement not inconsistent with this Act, may merge into a national banking association located within the same State, under the charter of the receiving association. 12 USC 215a (1). Stifel-Sterne Interim and Sterne Agee are located in the same state for purposes of section 215a. Section 215a has other procedural requirements that must be met. Stifel-Sterne Interim and Sterne Agee have met these requirements. Consequently, the Interim Merger is legally authorized.<sup>6</sup>

## B. The Interstate Merger

### 1. Legal Authority for the Interstate Merger - The Riegle-Neal Act

Immediately following the Interim Merger, Stifel-Sterne Interim proposes to merge with and into STCNA. Mergers of insured banks with different home states are authorized under 12 USC 1831u (a)(1),<sup>7</sup> which was adopted as part of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Riegle-Neal Act).<sup>8</sup>

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 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.

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<sup>5</sup> Under 12 USC 215b(1), “[s]tate bank” means any bank, banking association, *trust company*, savings bank (other than a mutual savings bank), or other banking institution which is engaged in the business of receiving deposits and which is incorporated under the laws of any State....” 12 USC 215b(1)(emphasis added). The OCC has a long held a state trust company is a “state bank” under section 215b(1) for purposes of national bank mergers under 12 USC 215a. *See, e.g.*, OCC Corporate Decision #2001-29 (September 28, 2001).

<sup>6</sup> Fiduciary appointments will transfer by operation of law. *See* 12 USC 215a (e). *See also* 12 CFR 5.33(l).

<sup>7</sup> *See also* 12 USC 215a-1.

<sup>8</sup> The “home state” of a national bank is the state where its main office is located. 12 USC 1831u(g)(4)(A)(i). Stifel-Sterne Interim’s home state is Alabama; STCNA’s home state is Missouri. 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 Alabama exercised this opt-out authority.

## 2. The Bank Merger Act

The Interstate Merger is subject to OCC review and approval under the Bank Merger Act (BMA).<sup>9</sup> 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 substantially lessen competition.<sup>10</sup> In addition, the BMA requires the OCC to take into consideration the financial and managerial resources and future prospects of the institutions involved, the needs of the community to be served, and the risk to the stability of the United States banking or financial system.<sup>11</sup> The BMA also requires the OCC to take into consideration the effectiveness of each insured depository institution involved in combatting money laundering activities.<sup>12</sup> The OCC considered these factors and found them consistent with approval of the Interstate Merger.

### **Consummation Requirements and Conclusion**

Please advise the Northeastern District Licensing Office in writing ten (10) days in advance of the desired effective date for the Mergers, so it may issue the necessary certification letter. To the extent not already provided, please ensure that you submit the following prior to the consummating the Mergers:

1. For each of the Mergers, a secretary certificate from each institution certifying that shareholder approval has been obtained.
2. For each of the Mergers, a secretary certificate from each institution certifying that the board of directors has approved the transaction.

If the Mergers are not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

These conditional approvals 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 conditional approvals are based on the bank's representations, submissions, and information

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<sup>9</sup> 12 USC 1828(c)(2)(A).

<sup>10</sup> 12 USC 1828(c)(5)(A) &(B).

<sup>11</sup> 12 USC 1828(c)(5) (text after subparagraph (B)).

<sup>12</sup> 12 USC 1828(c)(11).

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available to the OCC as of this date. The OCC may modify, suspend or rescind this 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.

We have enclosed a letter requesting your feedback on how we handled your application. We would appreciate your response, so we may improve our service.

Please include the control numbers listed above on any correspondence related to this filing. If you have questions regarding this letter, please contact Wai-Fan Chang, Senior Licensing Analyst, at (212) 790-4055 or [Wai-Fan.Chang@occ.treas.gov](mailto:Wai-Fan.Chang@occ.treas.gov).

Sincerely,

*signed*

Marva V. Cummings  
Director for District Licensing

Enclosure: Survey Letter