**Comptroller of the Currency**
**Administrator of National Banks**

Washington, D.C. 20219

# Corporate Decision #97-02
# January 1997

## DECISION OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO MERGE CHASE MANHATTAN BANK USA, NATIONAL ASSOCIATION, JERICHO, NEW YORK, WITH AND INTO CHASE MANHATTAN BANK USA, NATIONAL ASSOCIATION, WILMINGTON, DELAWARE

**November 26, 1996**

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## I. INTRODUCTION

On August 21, 1996, an Application was filed with the Office of the Comptroller of the Currency ("OCC") for approval to merge Chase Manhattan Bank USA, National Association, Jericho, New York ("Chase-NY") with and into Chase Manhattan Bank USA, National Association, Wilmington, Delaware ("Chase-DE") under the charter and title of the latter, under 12 U.S.C. §§ 215a-1, 1828(c) & 1831u(a) ("the Merger Application"). Both banks are national banks.[1] Chase-NY has its main office in Jericho, New York, and operates no branches.[2] Chase-DE has its main office in Wilmington, Delaware, and operates no branches. In the Merger Application, OCC approval is requested for the resulting bank to maintain Chase-DE's main office as the main office of the resulting bank under 12 U.S.C. § 1831u(d)(1). There is no

[1] On August 19, 1996, Chase-DE converted from a Delaware state-chartered bank to a national banking association. It was originally organized as a national bank in 1982 and converted to a state charter in 1990. As a state bank, it operated pursuant to Del. Code Ann., tit. 5, § 803, which places restrictions on such banks, including operating from a single office in a manner and at a location not likely to attract customers from the general public in Delaware.

[2] Chase-NY operates primarily as a wholesale bank.

request, however, for the resulting bank to retain Chase-NY's main office as a branch of the resulting bank and, thus, the resulting bank will no longer operate in New York.[3]

Chase-NY and Chase-DE are both wholly-owned indirect subsidiaries of The Chase Manhattan Corporation ("CMC"), a multistate bank holding company with its headquarters in New York, New York.[4] In the proposed merger, two of the holding company's existing bank subsidiaries will be combined into one bank to facilitate the reorganization of the consumer credit businesses of CMC. As of June 30, 1996, Chase-DE had approximately $14.4 billion in assets and $5 billion in deposits. As of the same date, Chase-NY had approximately $7.8 billion in assets and $41.5 million in deposits.

## II. LEGAL AUTHORITY

### A. The statutory framework: During the early opt-in period, national banks with different home states may merge under 12 U.S.C. §§ 215a-1 and 1831u(a) if each home state has a law that meets the provisions of section 1831u(a)(3)(A) and the banks meet the relevant conditions of section 1831u(a) and (b).

In 1994, Congress enacted legislation to create a framework for interstate mergers and branching by banks. See Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Pub. L. No. 103-328, 108 Stat. 2338 (enacted September 29, 1994) ("the Riegle-Neal Act"). The

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[3] Chase-DE may apply to establish a branch in Delaware. Prior to its conversion to a national bank, the State Bank Commissioner granted a limited waiver of Del. Code Ann., tit. 5, § 803(a)(1) and (4), the single office and restricted operations provisions, on July 17, 1996. If such a branch were authorized, by the OCC, and established prior to the consummation of the proposed merger, the resulting bank could retain this branch of Chase-DE after the merger under 12 U.S.C. §§ 36(d) and 1831u(d)(1). In an interstate merger transaction under section 1831u, the resulting bank's retention and continued operation of the offices of the merging banks is expressly provided for:

> (1) Continued Operations. -- 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.

12 U.S.C. § 1831u(d)(1). The resulting bank is the "bank that has resulted from an interstate merger transaction under this section [section 1831u(a)]." 12 U.S.C. § 1831u(f)(11). In addition, Congress also added a conforming amendment to the McFadden Act to emphasize that branch retention in an interstate merger transaction under section 1831u occurs under the authority of section 1831u(d):

> (d) Branches Resulting From Interstate Merger Transactions. -- A national bank resulting from an interstate merger transaction (as defined in section 44(f)(6) of the Federal Deposit Insurance Act) may maintain and operate a branch in a State other than the home State (as defined in subsection (g)(3)(B)) of such bank in accordance with section 44 of the Federal Deposit Insurance Act [12 U.S.C. § 1831u].

12 U.S.C. § 36(d) (as added by Riegle-Neal Act § 102(b)(1)(B)).

[4] On March 31, 1996, the predecessors of CMC, The Chase Manhattan Corporation and Chemical Banking Corporation, were merged. As part of the corporate reorganization, Chemical Bank, N.A., Jericho, New York, became Chase-NY.

Riegle-Neal Act added a new section 44 to the Federal Deposit Insurance Act that authorizes certain interstate merger transactions beginning on June 1, 1997. See Riegle-Neal Act § 102(a) (adding new section 44, 12 U.S.C. § 1831u). It also made conforming amendments to the provisions on mergers and consolidations of national banks to permit national banks to engage in such section 44 interstate merger transactions. See Riegle-Neal Act § 102(b)(4) (adding a new section 12 U.S.C. § 215a-1). It also added a similar conforming amendment to the McFadden Act to permit national banks to maintain and operate branches in accordance with section 44. See Riegle-Neal Act § 102(b)(1)(B) (adding new subsection 12 U.S.C. § 36(d)).

Section 44 authorizes mergers between banks with different home states, creating an interstate bank:

> (1) In General. -- Beginning on June 1, 1997, the responsible agency may approve a merger transaction under section 18(c) [12 U.S.C. § 1828(c), the Bank Merger Act] between insured banks with different home States, without regard to whether such transaction is prohibited under the law of any State.

12 U.S.C. § 1831u(a)(1).[5] The Act permits a state to elect to prohibit such interstate merger transactions involving a bank whose home state is the prohibiting state by enacting a law between September 29, 1994, and May 31, 1997, that expressly prohibits all mergers with all out-of-state banks. See 12 U.S.C. § 1831u(a)(2) (state "opt-out" laws).

In addition, the Act also provides that interstate merger transactions may be approved before June 1, 1997 (the "early opt-in period") if the home states of the merging banks have the requisite enabling legislation:

> (3) State Election to Permit Early Interstate Merger Transactions. --
> (A) In General. -- A merger transaction may be approved pursuant to paragraph (1) before June 1, 1997, if the home State of each bank involved in the transaction has in effect, as of the date of the approval of such transaction, a law that --
> (i) applies equally to all out-of-State banks; and
> (ii) expressly permits interstate merger transactions with all out-of-State banks.
> (B) Certain Conditions Allowed. -- A host State may impose conditions on a branch within such State of a bank resulting from an interstate merger transaction if --

[5] For purposes of section 1831u, the following definitions apply: The term "home State" means, with respect to a national bank, "the State in which the main office of the bank is located." The term "host State" means, "with respect to a bank, a State, other than the home State of the bank, in which the bank maintains, or seeks to establish and maintain, a branch." The term "interstate merger transaction" means any merger transaction approved pursuant to section 1831u(a)(1). The term "out-of-State bank" means, "with respect to any State, a bank whose home State is another State." The term "responsible agency" means the agency determined in accordance with 12 U.S.C. § 1828(c)(2) (namely, the OCC if the acquiring, assuming, or resulting bank is a national bank). See 12 U.S.C. § 1831u(f)(4), (5), (6), (8) & (10).

> (i) the conditions do not have the effect of discriminating against out-of-State banks, out-of-State bank holding companies, or any subsidiary of such bank or company (other than on the basis of a nationwide reciprocal treatment requirement);
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> (ii) the imposition of the conditions is not preempted by Federal law; and
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> (iii) the conditions do not apply or require performance after May 31, 1997.

12 U.S.C. § 1831u(a)(3).

The availability of the authority for an interstate merger transaction under section 1831u(a) during the early opt-in period, therefore, is triggered by the existence of the requisite state law in the home states of the merging banks. The federal merger authority in section 1831u(a) is available only if each of the home states has a law that meets the features specified in section 1831u(a)(3)(A). However, section 1831u appears to structure the relationship between federal authority and state law differently than some other federal banking statutes that refer to state law. The Riegle-Neal Act's interstate merger transaction provisions do not make federal law completely supplant state law. But they also do not defer entirely to each state's law, or entirely incorporate each state's law, regarding the extent and manner in which interstate merger transactions can occur in that state.

On the one hand, the federal authority in section 1831u(a) is triggered, during the early opt-in period, only if each of the home states has a law that meets the features specified in section 1831u(a)(3)(A). But section 1831u does not expressly prohibit states from having other features in their interstate merger laws beyond those needed to meet the provisions of section 1831u(a)(3)(A). In fact, the Act expressly reserves to each state the right to determine branching by that state's state-chartered banks.[6] Nor does section 1831u(a) provide that the federal merger authority is ineffective if the state adds other features. That is, the state may add other features to its interstate merger law, and, as long as those features do not cause the state law to fail to meet the provisions of section 1831u(a)(3)(A), the federal merger authority in section 1831u(a) continues to be available.

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[6] Section 1831u(c)(3) provides:

> (3) Reservation of Certain Rights to States. -- No provision of this section shall be construed as limiting in any way the right of a State to --
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> (A) determine the authority of State banks chartered by that State to establish and maintain branches; or
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> (B) supervise, regulate, and examine State banks chartered by that State.

12 U.S.C. § 1831u(c)(3). While the Act thus preserves for the states their rights with respect to interstate mergers and branching by the state's own state-chartered banks, the Riegle-Neal Act did not give the states any additional powers with respect to national banks (or state banks chartered by other states), other than in the areas specifically set out in section 1831u.

But, on the other hand, section 1831u, once triggered during the early opt-in period, singles out and specifically incorporates into the federal merger authority only certain features of state law referenced in various subsections of section 1831u. Similarly, after June 1, 1997 (when subsection 1831u(a)(3) will no longer be relevant), section 1831u continues to single out and specifically incorporate into the federal merger authority only certain features of state law referenced in various subsections of section 1831u. In addition to the state law features that are included in section 1831u on that permanent basis, Congress permitted host states, during the early opt-in period, to impose conditions on branches within the host state, as long as the conditions met the requirements of section 1831u(a)(3)(B) -- namely, that they do not discriminate against out-of-state banks, that they are not preempted by federal law, and they do not continue beyond May 31, 1997. Indeed, the inclusion of section 1831u(a)(3)(B) allowing host states to impose other conditions during the early opt-in period (subject to the limits in the section) indicates Congress believed that, without such permission (and therefore also in the period after June 1, 1997), host states would not have the authority to impose any conditions or requirements beyond those included in the specific provisions of section 1831u that refer to state law (including the reserved authority of a state to regulate its own state-chartered banks in section 1831u(c)(3)).[7] This would follow from the fact that in the Riegle-Neal Act Congress has created the comprehensive federal framework governing interstate merger transactions.

Thus, in summary, the Riegle-Neal Act's provisions for interstate merger transactions sets forth a federal framework for mergers of banks with different home states that includes state law in specified ways in certain specific areas, but only in those areas. Those areas include the basic determination whether to participate or to opt-out. But the opt-out provision is carefully crafted by Congress to be only the single decision to be in or out of the congressionally set framework. There is no provision for a partial opt-out, a conditional opt-out, partial participation, or modification of the terms of the framework by each state (other than in the specific areas set out in section 1831u).[8]

Therefore, in evaluating an application for an interstate merger transaction under section 1831u during the early opt-in period, the OCC must determine, first, whether each of the

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[7] If the states otherwise had the power to impose additional conditions and requirements, there would have been no need for section 1831u(a)(3)(B)'s permission for certain conditions during the early opt-in period and section 1831u(c)(3)'s reservation of rights to states with respect to their own state-chartered banks.

[8] The relationship of the federal framework and state law in the interstate merger transaction provisions in the Riegle-Neal Act is similar to the relationship of the federal framework and state law in the interstate bank acquisition provisions of the Riegle-Neal Act: in both, a comprehensive federal framework is established, and it provides for state authority only in certain specified areas. See Riegle-Neal Act § 101(a) (amending section 3(d) of the Bank Holding Company Act, 12 U.S.C. § 1842(d)). One difference is that until June 1, 1997, states are permitted to opt-out of the interstate merger transaction framework, but that difference does not affect the underlying relationship between federal and state law in the framework. Thus, even apart from considerations relating to preemption and state authority over national banks generally, under the provisions of the Riegle-Neal Act, after May 31, 1997, host states have no more authority to approve, or place other conditions on, interstate merger transactions that do not involve a state bank chartered by the host state than they do to approve, or place conditions on, an interstate bank acquisition of a bank in the host state by an out-of-state bank holding company. And until May 31, 1997, the conditions a host state may impose are limited by section 1831u(a)(3)(B).

home states of the merging banks (here, New York and Delaware) has a law that meets the provisions of subsection 1831u(a)(3)(A), and second, whether the applicant banks meet the requirements and conditions for approval in section 1831u, including state provisions to the extent applicable in section 1831u. We now address these requirements in turn.

**B. Both New York and Delaware have laws that meet the provisions of 12 U.S.C. § 1831u(a)(3)(A).**

In this Merger Application, New York is Chase-NY's home state, and Delaware is Chase-DE's home state. Since Chase-NY and Chase-DE are applying to merge in an interstate merger transaction under section 1831u(a) during the early opt-in period, the merger may be approved only if each home state (New York and Delaware) has the requisite law "opting-in" to interstate mergers, i.e., "a law that -- (i) applies equally to all out-of-State banks; and (ii) expressly permits interstate merger transactions with all out-of-State banks." 12 U.S.C. § 1831u(a)(3)(A). Both New York and Delaware have such laws, and therefore, the merger authority of section 1831u is triggered.

New York enacted legislation, effective February 8, 1996, expressly permitting mergers with out-of-state banks and branch acquisitions by out-of-state banks:

> An out-of-state bank may engage in an acquisition transaction with a New York bank and may maintain as a branch or branches the place or places of business of any such New York bank which it has received into itself as a result of such transaction, subject to the requirements of this article.

N.Y. Banking Law § 225 (as added by 1995 New York A.B. 8229 § 14).[9]

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[9] In the New York law, the term "out-of-state bank" includes both out-of-state state banks and out-of-state national banks, the term "out-of-state national bank" means a national bank whose main office is located outside of New York, and the term "acquisition transaction" means "any merger, consolidation or purchase of assets and assumption of liabilities of all or part of a banking institution." "New York bank" means a bank, trust company or savings bank as these terms are defined in N.Y. Banking Law § 2(1), (2) & (4), all institutions organized under New York law. See N.Y. Banking Law § 222(1), (3) & (7). New York has imposed a nationwide reciprocal treatment condition on acquisition transactions by out-of-state banks until May 31, 1997:

> An out-of-state bank that does not operate a branch in this state may maintain one or more branches located in this state acquired by means of an acquisition transaction if the superintendent finds that the laws of the out-of-state bank's home state would authorize a New York bank to open, occupy or maintain a branch or branches in that state under comparable circumstances.

N.Y. Banking Law § 223 (emphasis added) (the conditional clause is removed after May 31, 1997). In reviewing similar reciprocity conditions in state statutes with regard to the establishment of de novo interstate branches under 12 U.S.C. § 36(g), the OCC concluded the presence of a nationwide reciprocal treatment condition did not cause the state law to fail to meet the provisions of section 36(g)(1)(A), which are substantially similar to the provisions of section 1831u(a)(3)(A). See Decision on the Application of Patrick Henry National Bank, Bassett, Virginia, to Establish a Branch in Eden, North Carolina (OCC Corporate Decision No. 96-04, January 19, 1996). The same analysis applies here, and so the presence of a nationwide reciprocal treatment condition does not mean the New York law fails to trigger the early interstate merger authority of section 1831u(a)(3). See also Decision on the Application

Similarly, Delaware also adopted legislation, effective September 29, 1995, expressly permitting mergers with out-of-state banks:

> (a) Delaware banks may merge with or into out-of-state banks to form a resulting Delaware national bank. Del. Code Ann. tit. 5, § 795C (1995).

See also Del. Code Ann. tit. 5, §§ 795D (interstate merger with resulting Delaware state bank), 795E (interstate merger with resulting out-of-state national bank), 795F (interstate merger with resulting out-of-state state bank), 795A (statement of purpose to permit mergers as contemplated in 12 U.S.C. § 1831u(a)(3)(A), the Riegle-Neal Act's early opt-in provision).[10] Thus, both New York and Delaware have laws that apply equally to all out-of-state banks and that expressly permit interstate merger transactions with all out-of-state banks. Therefore, the early interstate merger transaction authority of section 1831u(a)(3) is triggered.

## C. The proposed merger between Chase-NY and Chase-DE meets the requirements and conditions in 12 U.S.C. § 1831u(a) and 1831u(b).

An application by national banks to engage in an interstate merger transaction under 12 U.S.C. § 1831u is also subject to certain requirements and conditions set forth in sections 1831u(a)(5) and 1831u(b). These conditions are: (1) compliance with state-imposed age limits, if any; (2) compliance with state filing requirements; (3) compliance with nationwide and state concentration limits; (4) community reinvestment compliance; and (5) adequacy of capital and management skills. In addition, during the early opt-in period, the application may also be subject to state-imposed conditions permitted under section 1831u(a)(3)(B), if any, that pertain to the initial merger itself (as distinct from conditions relating to the later on-going operations of the branches of the resulting out-of-state bank until May 31, 1997).

Chase-NY's and Chase-DE's Merger Application satisfies all these conditions to the extent applicable. First, the proposal satisfies the state-imposed age requirements permitted by section 1831u(a)(5). Under that section, the OCC may not approve a merger under section 1831u(a)(1) "that would have the effect of permitting an out-of-State bank or out-of-State bank holding company to acquire a bank in a host state that has not been in existence for the minimum period of time, if any, specified in the statutory law of the host State." 12 U.S.C. § 1831u(a)(5)(A). In this Merger Application, Chase-DE is acquiring by merger a bank (Chase-NY) in the host state of New York. New York requires that, in a merger with an out-of-state bank in which the out-of-state bank is the surviving bank, the New York bank must have been in existence for at least five years, unless the New York bank to be acquired was not chartered

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of NationsBank, N.A., Richmond, Virginia, and NationsBank, N.A. (Carolinas), Charlotte, North Carolina (OCC Corporate Decision No. 95-47, September 27, 1995) (at pages 5-6) (Riegle-Neal merger).

[10] The Delaware statute defines "Delaware bank" to mean "a Delaware national bank or a Delaware state bank." Del. Code Ann. tit. 5, § 795(4) (1995). "Delaware national bank" means a national banking association created under the National Bank Act (12 U.S.C. § 21 et seq.) that is located in Delaware; "out-of-state bank" means an out-of-state state bank or an out-of-state national bank, and "out-of-state national bank" means a national bank association that is not located in Delaware. Del. Code Ann. tit. 5, §§ 795(5), 795(12) and 795(14) (1995).

directly or indirectly by the out-of-state bank. See N.Y. Banking Law § 223-a (1996). By its terms, this statutory provision is not applicable to the transaction because Chase-NY is not a "New York bank" under the statutory definition. See supra note 9. New York Banking Law Section 142-a, subdivision 2, also imposes a five-year age requirement for a "banking institution" acquired by an "out-of-state bank holding company" that is thereafter merged into an "out-of-state bank."[11] This statutory provision likewise is not applicable to the proposed merger because the parent company of Chase-NY, CMC, is not an "out-of-state bank holding company" because it conducts its principal banking business (based upon the locale where it historically had the largest total deposits) in New York. In any event, Chase-NY, under its previous name of Chemical Bank, N.A., was opened in 1985. Thus, the Chase-NY/Chase-DE merger satisfies the Riegle-Neal Act requirement of compliance with state age laws.

Second, the proposal will meet the applicable filing requirements. A bank applying for an interstate merger transaction under section 1831u(a) must (1) "comply with the filing requirements of any host State of the bank which will result from such transaction" as long as the filing requirement does not discriminate against out-of-state banks and is similar in effect to filing requirements imposed by the host state on out-of-state nonbanking corporations doing business in the host state, and (2) submit a copy of the application to the state bank supervisor of the host state. See 12 U.S.C. § 1831u(b)(1). New York has no such filing requirements applicable to the merger. Moreover, because Chase-DE will have no branches outside of its "home state" of Delaware, New York will not be a "host state" for purposes of the filing requirements. Thus, the merger will comply with the applicable state filing requirements in accordance with the provisions of section 1831u(b)(1).

Third, the proposed interstate merger transaction does not raise issues with respect to deposit concentration limits. Section 1831u(b)(2) places certain nationwide and statewide deposit concentration limits on section 1831u(a) interstate merger transactions. However, interstate merger transactions involving only affiliated banks are specifically excepted from these provisions. See 12 U.S.C. § 1831u(b)(2)(E). Chase-NY and Chase-DE are affiliates.

Fourth, the proposed interstate merger transaction also does not raise issues with respect to the community reinvestment compliance provisions of the Riegle-Neal Act. In determining whether to approve an application for an interstate merger transaction under section 1831u(a), the OCC must (1) comply with its responsibilities under section 804 of the federal Community Reinvestment Act ("CRA"), 12 U.S.C. § 2903, (2) take into account the CRA evaluations of any bank which would be an affiliate of the resulting bank, and (3) take into account the applicant banks' record of compliance with applicable state community reinvestment laws. See 12 U.S.C. § 1831u(b)(3). However, this provision applies only "for an interstate merger transaction in which the resulting bank would have a branch or bank affiliate immediately following the

[11] In the New York law, the term "banking institution" includes a national banking association, the principal office of which is located in New York, and the term "out-of-state bank holding company" means a bank holding company as defined in 12 U.S.C. § 1841 which conducted its principal banking business in a state other than New York in July 1, 1966, or on the date on which it became a bank holding company, which ever was the last to occur. See N.Y. Banking Law § 141(1) and (8).

transaction in any State in which the bank submitting the application (as the acquiring bank) had no branch or bank affiliate immediately before the transaction." 12 U.S.C. § 1831u(b)(3). See also H.R. Conf. Rep. No. 651, 103d Cong., 2d Sess. 52 (1994). In this Merger Application, Chase-DE (the bank submitting the application as the acquiring bank) has a bank affiliate in New York before the transaction (i.e., Chase-NY), and is also not otherwise obtaining a branch or bank affiliate in any state in which it did not have a branch or bank affiliate before. Indeed, after the merger, Chase-DE will maintain no branch office in New York. Thus, this Riegle-Neal provision is not applicable to the Merger Application. However, the Community Reinvestment Act itself is applicable, see Part II-E below.

Fifth, the proposal satisfies the adequacy of capital and management skills requirements. The OCC may approve an application for an interstate merger transaction under section 1831u(a) only if each bank involved in the transaction is adequately capitalized as of the date the application is filed and the resulting bank will continue to be adequately capitalized and adequately managed upon consummation of the transaction. See 12 U.S.C. § 1831u(b)(4). As of the date the application was filed, both Chase-NY and Chase-DE satisfied all regulatory and supervisory requirements relating to adequate capitalization, including the standards prescribed by 12 U.S.C. § 1831o(b)(1)(A) and 12 C.F.R. § 6.4. Additionally, the capital requirements of 12 U.S.C. § 51 are satisfied. The OCC has also determined that, following the merger, Chase-DE will continue to exceed the standards for an adequately capitalized and adequately managed bank. The requirements of 12 U.S.C. § 1831u(b)(4) are therefore satisfied.

Finally, because Chase-DE will have no branch in New York, there is no need to consider any host state conditions within the ambit of section 1831u(a)(3)(B) that bear upon the approval or consummation of the proposed interstate merger transaction between Chase-NY and Chase-DE.

### D. Additional reviews under the Bank Merger Act.

The Bank Merger Act, 12 U.S.C. § 1828(c), requires the OCC's approval for any merger between insured banks where the resulting institution will be a national bank. Under the Act, the OCC generally may not approve a merger which would substantially lessen competition. In addition, the Act also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. For the reasons stated below, we find the Merger Application may be approved under section 1828(c).

#### 1. Competitive Analysis

Because Chase-NY and Chase-DE are already owned by the same bank holding company, their merger would have no anticompetitive effects.

#### 2. Financial and managerial resources

The financial and managerial resources of both banks are presently satisfactory. The proposed merger should place little additional burden on the resulting bank, Chase-DE. The future prospects of the existing institutions, individually and combined, are favorable. Thus, we find the financial and managerial resources factor is consistent with approval of the Application.

### 3. Convenience and needs

The resulting bank will help to meet the convenience and needs of the communities to be served in Delaware. Chase-DE will remain focused on consumer credit products, including credit cards and unsecured credit lines, auto loans, first and second mortgage loans, home equity lines of credit and personal property secured loans. Although Chase-DE will not maintain any branch offices in New York, those communities previously delineated by Chase-NY will continue to rely on the services of other CMC subsidiaries, including Chase Manhattan Bank which has a significant presence in, and will continue to serve the credit needs of, the formerly delineated Long Island communities. See also footnote 2, infra. Accordingly, we believe the impact of the merger on the convenience and needs of the communities to be served is consistent with approval of the Application.

## E. Review under the Community Reinvestment Act

The Community Reinvestment Act requires the OCC to take into account the applicants' record of helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, when evaluating certain applications. See 12 U.S.C. § 2903. Based on the OCC's most recent examination, both Chase-NY and Chase-DE have satisfactory ratings with respect to CRA performance. The merger is not expected to have any adverse effect on the resulting bank's CRA performance.

In letters of September 17, October 7 and 25, and November 19, 1996, a protest of this application was lodged by Inner City Press/Community on the Move ("ICP") commenting on the lending records of both applicants, two mortgage subsidiaries of Chase-NY as well as other affiliated companies. The protestor also objected to the recently completed CRA examinations of Chase-NY and Chase-DE because of the lack of prior public notice of the examinations, objected to a "limited purpose" designation for Chase-DE, and raised various miscellaneous objections concerning the branch closing record and managerial adequacy of Chase Manhattan Bank, and by extension, the merging banks. The OCC investigated and thoroughly considered the comments submitted by ICP and found that the issues raised do not cause the OCC to question the institutions' CRA ratings or warrant denial of this application. The OCC has addressed in detail the specific issues raised by ICP in separate correspondence to ICP, a copy of which is attached as Appendix A to this Decision.

As a general matter, the resulting bank will have the same commitment to helping meet the credit needs of all the communities it serves. We find that approval of the proposed merger is consistent with the Community Reinvestment Act.

## III. CONCLUSION AND APPROVAL

For the reasons set forth above, the merger of Chase-NY and Chase-DE is legally authorized as an interstate merger transaction under the Riegle-Neal Act, under 12 U.S.C. §§ 215a-1 & 1831u(a). The merger also meets the criteria for approval under other statutory factors. Accordingly, the Merger Application is hereby approved.

\s\ 11-26-96

Steven J. Weiss
Deputy Comptroller
Bank Organization and Structure

Date

Application Control Number: 96-NE-02-0033

Appendix A - unavailable in electronic format