



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
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Dear

The Pennsylvania Department of Banking (the "Department") chartered [redacted] (the "Bank"), which was originally known as [redacted]. One of the core businesses of the Bank since its inception has been to assist in the chartering of new banks primarily in Pennsylvania. As a part of that core business, the Bank has often served as escrow agent over the years for many of the Pennsylvania state-chartered banks established since 1983. It is the position of the Department that the Bank is and has been authorized to serve as a non-discretionary escrow agent for new bank chartering groups as an incidental power of the Bank under section 315 of Pennsylvania's Banking Code of 1965, 7 P.S. § 315(i), without obtaining trust powers. During recent telephone conversations with Department staff, the Bank has confirmed that the Bank does not exercise any discretion with regard to the funds held by it in escrow for new bank chartering groups and has agreed to include language in any future escrow agreement entered into by the Bank that clearly states that any funds held in escrow by the Bank may only be invested as specifically directed by the new chartering group.

As a matter of background, on July 27, 1984, the Bank was granted and to date retains limited trust powers by virtue of the filing of Articles of Amendment. At that time, the Department had restricted such powers by a letter to the Bank dated [redacted] to acting as an investment adviser to a mutual fund. Such restriction was not in any way intended to restrict the Bank's ability to serve as a non-discretionary escrow agent for new bank chartering groups.

Recently, the Bank has acquired a client that wants to appoint the Bank as escrow agent for a new bank chartering group in the state of New Jersey. The above-noted restriction on the Bank's trust powers has been raised as an issue affecting the Bank's ability to serve as escrow agent for a new bank chartering group in New Jersey. As the Department never intended to limit the ability of the Bank to act in a non-discretionary escrow agent capacity, the Department hereby expands the Bank's trust powers to include the ability to serve as a non-discretionary escrow agent

for new bank chartering groups irrespective of the geographic location of the proposed banks, respectively.

If you should have any questions regarding this matter, please do not hesitate to contact this office.

Very truly yours,

Richard S. DeMartino
Director, Bureau of
Supervision and Enforcement