



Illinois Department of Financial and Professional Regulation

Division of Banking

JB PRITZKER
Governor

DEBORAH HAGAN
Secretary

CHASSE REHWINKEL
Acting Director
Division of Banking

Interpretive Letter 2020-03 (March 26, 2020)

[Change in Control (not) – Internal Reorganization of Parent Company of a State bank (IBA 18)]

March 26, 2020

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Re: Internal Reorganization of Indirect Parent of [State bank]

Dear []:

Your [date] letter to Director Rehwinkel regarding the referenced matter has been forwarded to me for reply.

[State bank] (the “State Bank”), your client, is chartered and supervised by the Illinois Department of Financial and Professional Regulation, Division of Banking (the “Department”) pursuant to the Illinois Bank Act (“Act”) (205 ILCS 5). State bank [description of bank business model]. The State Bank is part of [a corporate] Group, a multi-tiered corporate holding company structure (the “Group”). The Group intends to restructure its [] operations (“Reorganization”). The State Bank seeks the Department’s confirmation that the Reorganization does not necessitate the State Bank to obtain the Department’s approval for a change in control under Section 18 of the Act.

Currently, the State Bank’s ultimate parent company is [company name] (the “Current Parent Company”), a public limited company incorporated in [location A]. The Current Parent Company is publicly traded company listed on the New York Stock Exchange. One wholly owned direct subsidiary and five wholly owned indirect subsidiaries lie between the Current Parent Company and the State Bank.

Immediately after the Reorganization, the Bank’s ultimate parent company will be [company name] (the “Proposed Parent Company”), a limited company incorporated in [location B]. The Proposed Parent Company, as a result of share exchanges, immediately before and after the restructuring will be owned by the same shareholders, in the same relative proportions, that owned the Current Parent Company. The Proposed Parent Company, like the Current Parent Company, will be a publicly traded company listed on the New York Stock Exchange. Also, the Proposed Parent Company, through a direct subsidiary, will wholly own the Current Parent Company.

The rights associated with the Proposed Parent Company shares, according to your letter, will be the same as the Current Parent Company, except as necessitated by differences in law between [location A

and location B]. These differences, according to your [date] email, would not affect a shareholder's ability to control, as defined by Section 18(h) of the Act, the State Bank.

Regarding management and operations, the Proposed Parent Company plans to have the same directors serve on its board of directors that currently serve on the Current Parent Company's board. Regarding the State Bank itself, the Reorganization will not result in any significant changes to its business and operations. Also, the State Bank's direct and indirect parent companies based in [location C] will be unchanged. Overall, the Reorganization is not expected to result in any material change to the day-to-day business operations, headcount, reporting requirements or listings of any of the Group's global companies -- including the State Bank. It is also not expected to have any material impact on the regulated activities, business continuity plan, management structure, board composition, assets, borrowings, capital structure or financial arrangements of such entities -- including the State Bank.

The Department has taken the position that application for approval of a change in control under Section 18 of the Act is unnecessary either when an internal corporate reorganization does not result in change in control (Int. Ltr 89-15 , November 16, 1989) or when a bank holding company merely changes its state of incorporation (Int. Ltr 93-008, July 2, 1993). Consistent with these positions, the Department has no objection if an application for approval of a change in control under Section 18 of the Act is not filed in connection with this Reorganization.

The views expressed in this letter are based on the information provided in your [same letter as above] letter and [same email as above] email to the Department and the specific circumstances described above. If the information provided proves incomplete or inaccurate, or if additional facts and representations become relevant, the Department may change its views and conclusion.

Sincerely,