

**INTERPRETIVE LETTER 89-2 (JANUARY 30, 1989)**

**Subsidiary of a state bank may establish offices at any location without regard to the limitations applicable to branch locations and numbers.**

This is in response to your letter of \* regarding [Subsidiary], a wholly-owned finance company subsidiary of the \* Bank (the "Bank").

As I understand the facts involved, [Subsidiary] was established in accordance with Section 5(12) of the Illinois Banking Act (Ill. Rev. Stat. 1987, ch. 17, par. 311(12)). It is the desire of [Subsidiary] at this time to establish offices at locations other than the Bank's main banking premises and branches. Specifically, you have inquired whether [Subsidiary] may establish offices at locations without regard to the limitations of Section 5(15) of the Illinois Banking Act (Ill. Rev. Stat. 1987, ch. 17, par. 311(15)) as to where a bank may establish a branch and whether such offices would be counted against the five branches permitted to be established by the Bank.

As a result of Public Act 85-203, effective August 21, 1987, the following language was deleted from Section 5(12)(c) of the Illinois Banking Act:

and without limiting the foregoing, no such subsidiary shall maintain in this State any office or Agency for the purpose of conducting any of its business at any other place than a place at which the bank of which it is a subsidiary would be permitted to conduct such business if such business was being conducted by the bank directly rather than through such subsidiary.

Since the prohibition relating to the maintaining of a subsidiary only at a location where the bank could conduct its business has been deleted, it is the position of this Agency that a subsidiary of a state bank may be established without limitation as to location. Further, offices of the subsidiary will not be counted against the five branches which the Bank may establish.