

INTERPRETIVE LETTER 95-13 (DECEMBER 19, 1995)

When the boards of a bank holding company, of the lead bank subsidiary of the bank holding company, and of an affiliated bank holding company are all composed of the identical individuals, and the boards conduct a common meeting for the affiliated entities, then consolidated minutes of such meeting may be kept.

This is in response to your request to the Commissioner of Banks and Trust Companies ("Agency") on behalf of Lead Bank, its parent holding company, * Lead BHC and * Subsidiary BHC, the holding company for other affiliated banks (collectively "*"), that * be permitted to adopt consolidated minutes for Lead BHC, Subsidiary BHC and Lead Bank. As set forth in this letter, the Agency concludes that * may adopt the proposed consolidated minutes.

Consolidated Boards of Directors

In your inquiry you stated that * has elected the same persons to be directors of Lead BHC, Subsidiary BHC and of Lead Bank. The individuals comprising the Board of Directors of each of the corporate entities hold one meeting and therefore seek to consolidate minutes of these boards' actions into one set of minutes.

Obligation of Board of Directors to Keep Minutes of Meetings

There is no specific reference in the Illinois Banking Act ("Act") requiring that minutes of meetings of the board of directors of an Illinois state bank be maintained. Section 16(8), however, requires that the board of directors "cause suitable books and records of all the bank's transactions to be kept." 205 ILCS 5/16(8) (1994). The Agency is of the opinion that appropriate minutes of meetings of the board of directors of a state bank is one element of the "suitable books and records" that the board is required to keep.

Confidentiality Requirements

State banks in Illinois are required to preserve the confidentiality of customer records and of reports of examination conducted by the Agency pursuant to the provisions of Sections 48.1 and 48.3 of the Act, 205 ILCS 5/48.1 and 5/48.3 (1994). Confidential customer financial information and confidential regulatory information must not be disclosed to individuals who are not entitled to access such information. Therefore, it is important that the identical composition of the three boards of directors be maintained for the purposes of the unified meetings and consolidated minutes. If, for instance, a board member of Lead Bank was not also a director of Subsidiary BHC, then that person would not be entitled to discuss or be informed about customers of or regulatory information about Lead Bank. However, as outlined in your letter, the identical board composition should avoid this potential problem and the Agency has no objection to consolidated minutes.

