

## Guidance on the Use of Trade Names

FIL-46-98  
May 1, 1998

TO:  
CHIEF EXECUTIVE OFFICER  
SUBJECT:  
*Interagency Statement on Branch Names*

The Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision have jointly issued the attached Interagency Statement on Branch Names. The Interagency Statement was developed to help prevent customer confusion when a bank or thrift operates its offices, branches or other outlets for delivering services under a trade name.

In recent years, several banks have used names that differ from their corporate names for branches or for the delivery of services over the Internet. Although there may be valid business reasons for this practice, the agencies are concerned that it has the potential for confusing depositors about their deposit insurance coverage. The Interagency Statement urges banks and thrifts that intend to use a different name for a branch or other outlet to take reasonable steps to ensure that customers will not incorrectly assume that the branch or outlet is a separate institution from the bank or thrift, or that deposits in the different facilities are separately insured. The Interagency Statement specifies the procedures that a financial institution should use to minimize customer confusion.

For more information about the Interagency Statement, please contact Marc J. Goldstrom, Counsel in the FDIC's Legal Division, at (202) 898-8807.

Nicholas J. Ketcha Jr.

Director

Attachment: Multi-Agency statement

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 (800-276-6003 or 202-416-6940).

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
FEDERAL DEPOSIT INSURANCE CORPORATION  
OFFICE OF THE COMPTROLLER OF THE CURRENCY  
OFFICE OF THRIFT SUPERVISION**

INTERAGENCY STATEMENT

BRANCH NAMES

May 1, 1998

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (the "Agencies") are issuing this Interagency Statement regarding the practice of insured depository institutions operating branches under different trade names in response to requests for guidance to some of the Agencies. While there are no federal laws or regulations that specifically require that all branches of an insured depository institution operate under a single name,<sup>1</sup> the Agencies are concerned that if customers believe they are dealing with two different institutions, they may inadvertently exceed FDIC insurance limits by depositing excess amounts in different branches of the same institution. The Agencies believe it is important that customers understand the scope of FDIC insurance in these circumstances.<sup>2</sup> Accordingly, an insured depository institution that intends to use a different name for a branch or other facility should take reasonable steps to ensure that customers will not become confused and believe that its facilities are separate institutions or that deposits in the different facilities are separately insured.<sup>3</sup> Such measures may include, but are not limited to:

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<sup>1</sup>There may be state laws that need to be considered with respect to operating under a trade name. In addition, regulations applicable to insured institutions that may be promulgated by the Board of Governors of the Federal Reserve System or the Office of Thrift Supervision (as applicable) under the Federal Trade Commission Act, 15 U.S.C. § 57a(f) et. seq., regarding the prevention of unfair or deceptive acts or practices, could apply to the use of branch names.

<sup>2</sup>Generally, each depositor at an insured depository institution is insured up to \$100,000. See 12 U.S.C. §§ 1813(m), 1817(i), and 1821(a). Insured deposit limits are determined in accordance with regulations prescribed by the FDIC at 12 C.F.R. Part 330.

<sup>3</sup>The practice of insured depository institutions using different trade names over a computer network such as the Internet raises the same concern discussed herein. Accordingly, institutions intending to use different trade names over a computer network should take reasonable steps to ensure that customers will not be confused about either the identity of the insured depository institution or the extent of FDIC insurance coverage.

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1. Disclosing, clearly and conspicuously, in signs, advertising, and similar materials that the facility is a branch, division, or other unit of the insured institution. The institution should exercise care that the signs and advertising do not create a deceptive and/or misleading impression.
  2. Using the legal name of the insured institution for legal documents, certificates of deposit, signature cards, loan agreements, account statements, checks, drafts, and other similar documents.

3. Educating the staff of the insured depository institution regarding the possibility of customer confusion with respect to deposit insurance. The Agencies recommend that the insured depository institution instruct staff at the branch and any other facilities operating under trade names to inquire of customers, prior to opening new accounts, whether they have deposits at the depository institution's other facilities or branches. In addition, during the time period soon after one institution acquires or combines with another, staff should be reminded to call customers' attention to disclosures that identify a particular branch or facility as part of an institution.
4. Obtaining from depositors opening new accounts at the branch a signed statement acknowledging that they are aware that the branch and other facilities are in fact parts of the same insured institution and that deposits held at each facility are not separately insured.

EFFECTIVE DATE: July 1, 1998

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<sup>4</sup>The legal name of an insured institution is its full name as reflected in its charter, except that an insured institution may abbreviate terms that are indicators of corporate status (e.g., N.A., F.S.B., Inc., Corp.).

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