



Comptroller of the Currency
Administrator of National Banks

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Interpretive Letter #860
April 1999
12 USC 24(6)

April 5, 1999

Dear []:

This is in response to your letter on behalf of your client, [] (“ACQ”) requesting a no-objection letter from the Office of the Comptroller of the Currency (“OCC”) permitting the Board of Directors of [] (“NB” or “Bank”) to hold regular board meetings by telephone or video conference. Based on the facts presented in your letter, the OCC does not object to [NB] conducting board meetings by telephone or video conference, provided that the Bank amends its bylaws to provide for telephonic and video telephonic board meetings.

[ACQ] is a bank organized under the laws of the [] (“ ”) with its headquarters located in [City, Country]. In [Monh, Year], [ACQ] acquired [NB], a national bank headquartered in [City, State]. The Board of Directors of [NB] now consists of three Directors who are residents of [State] and three Directors who are residents of [Country]. Five of the six Directors are United States citizens, and the OCC has granted appropriate waivers pursuant to 12 U.S.C. § 72 for the Director who is not United States citizen and for the Directors who are not United States residents.

[NB] holds regular Board meetings on a monthly basis at least 10 times per year. Under the proposal, [ACQ] proposes that regular Board meetings of [NB] be conducted by telephone or video conference. The three [Country] residents would ordinarily gather in a single conference room in [Country], and the three [State] residents would gather in a single conference room in [City]. If a director is unable to attend in person in [non US City] or in [City], the director would attempt to conference into the Board meeting by telephone. Telephone or video conferencing facilities would be arranged so that every participant could hear everything said by every other participant. In addition, [ACQ] may, from time to time, arrange for all directors to be together in person for Board meetings.

Recently, [*ACQ*] and [*NB*] have installed videoconferencing equipment in [*non US City*] and [*City*]. This equipment utilizes a six-position video camera at each facility that is operable by remote control so that directors at one location can select the camera angle at the other location. This permits the remote location to not only hear everything said by everyone at the other location, but also permits the participants at the remote location to select the camera angle to view the speaker at the other location, or any other participant. Packages of the material for the Board will ordinarily be distributed prior to the meeting so that every Director will have a complete set of materials to reference. However, the video conferencing technology will also permit the remote viewing of additional materials discussed that are not part of the Board package. Computer support equipment is also available so that materials that are in electronic format can be distributed electronically and viewed immediately at the remote location.

By conducting regular board meetings by telephone and video conferencing, the Bank and its directors would not be subject to the substantial inconvenience and expense associated with inter-continental travel. For example, traveling from [*non US City*] to [*City*], conducting one day's business in [*City*], and traveling back to [*non US City*] would, in effect, consume three to five days of a director's time. Absent the travel time, and the associated fatigue, the Bank's directors could focus on the board meeting rather than the logistics of traveling to and returning from [*City*].

In addition, as banking becomes increasingly internationalized, conducting regular board meetings by video or telephone conferencing permits [*NB*] to benefit from having skilled and experienced international bankers on the Bank's board. [*ACQ*]'s management philosophy is to focus on banking opportunities throughout the Pacific Rim. The three directors who reside in [*Country*] include the President of [*ACQ*] and two outside Managing Directors of [*ACQ*]. The presence of these individuals on the Bank's Board is essential to [*ACQ*] integrating [*NB*] in its overall banking strategy.

Although the National Bank Act does not specifically address the manner in which a national bank's board of directors shall conduct its meetings, it does authorize national banks "[t]o prescribe, by its board of directors, bylaws not inconsistent with law, regulating the manner . . . its general business [is to be] conducted." 12 U.S.C. § 24 (Sixth). This authority to prescribe bylaws to conduct a national bank's general business is sufficiently broad to permit a national bank to adopt procedures governing the practice of conducting board meetings, including the ability to conduct regular board meetings by telephone or video conferencing.

Based on these facts, the OCC does not object to [*NB*] conducting board meetings by telephone or video conference, provided that the Bank amends its bylaws to provide for telephonic and

video telephonic meetings. I trust this has been responsive to your inquiry. If you have any further questions, please call Senior Attorney Jimmy Singh or the undersigned at (415) 545-5980.

Sincerely,

/s/

Lance Cantor
District Counsel