



Bulletin B-17-1

TO: All Tennessee State-Chartered Banks "In Organization"

**SUBJECT: Initial Investment Required by T.C.A. Section 45-2-201; Supersedes
Bulletin B-95-1, B-04-2 and B-06-1**

DATE: July 25, 2017

Pursuant to the Banking Act, incorporators are required to make a minimum investment in common stock of a bank 'in organization'. The Banking Act provides, in T.C.A. Section 45-2-201(b), that each incorporator shall subscribe and pay in full, in cash, for common stock in an amount determined by the Commissioner. Bulletin B-06-1, issued on October 20, 2006, advised banks of the Commissioner's determination that incorporators shall subscribe and pay an aggregate investment of 10% of the proposed minimum capital structure of the bank 'in organization', which shall include a minimum investment of at least \$25,000 per incorporator. Bulletin B-06-1 also confirmed that, pursuant to T.C.A. Section 45-2-203(b), this minimum investment will **typically** be used to pay the organizational expenses of the bank 'in organization'.

This Bulletin is being issued in order to provide regulatory flexibility and to communicate a change in the determination referenced in T.C.A. Section 45-2-201(b) with respect to incorporators' investment in a bank 'in organization'.

The Commissioner has determined that, effective as of the date of this bulletin, incorporators shall subscribe and pay an aggregate investment of 5% of the proposed minimum capital structure of the bank 'in organization', which shall include a minimum investment of at least \$25,000 for each incorporator.

Pursuant to T.C.A. Section 45-2-203(b), subscriptions paid by the incorporators for their shares in the proposed bank **may** be used to pay organizational expenses, but, in that case, shall not be commingled with funds in any account in which non-incorporator funds have been or are to be deposited. The exact amount of the organizational expenses will be determined by the Commissioner, based upon factors that include proposed organizational expenses and the proposed capital structure. Further, Rule 0180-7-.10(3) states, in part, that "the fund may be financed in any legal and proper manner."

As always, verification that the incorporators have fully funded the minimum investment must be submitted with the notice of intention.

Please direct questions regarding this Bulletin to Debra Grissom, Chief Administrator for Applications, 615/741-5018 or William Cook, Program Administrator for Applications at 615/253-1085.


Greg Gonzales
Commissioner