



bankers' compliance group®

Clarification: Annual Disclosure Requirement for State-chartered Banks

In the April BCG Newsletter we reported that the FDIC issued a final rule eliminating the requirement that state nonmember banks prepare and make available an annual disclosure statement regarding the bank's financial condition.

However, California law, specifically California Financial Code Section 520, does require state-chartered banks to post a notice in the lobby of the bank's main office and branches regarding the availability of financial information pertaining to the bank. Therefore, state-chartered banks must still post a notice under state law. Following is a sample format for meeting the posting requirement under Financial Code Section 520.

NOTICE Availability of Annual Financial Report

In compliance with state law requirements under California Financial Code Section 520, [BANK NAME] has prepared a Financial Report containing important information regarding the financial condition of the Bank.

One copy of this Financial Report is available upon request at no cost to you. Additional copies may be obtained for a nominal fee.

To obtain a copy of the [BANK NAME] Financial Report, call _____, extension ____, or contact [Name of Person to be Contacted] at the following location(s) [Name of Office(s) and Address(es)].

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