

EFFECTIVE DATE: August 19, 2022

The Board of Governors of the Federal Reserve System has adopted final [Guidelines for Evaluating Account and Services Requests](#). The Guidelines became effective on August 19, 2022. These Guidelines are applicable to all Federal Reserve account and financial services requests and supersede the New York Fed’s Account and Financial Services Handbook for considering such requests. The adoption of the Guidelines does not relieve existing New York Fed customers of their obligations under the Handbook or under terms governing the account and services relationship with the New York Fed.

APPENDIX C
TO
FEDERAL RESERVE BANK OF NEW YORK
ACCOUNT AND FINANCIAL SERVICES HANDBOOK

Business Plan Guidelines

The Federal Reserve Bank of New York (“**FRBNY**”) has prepared these guidelines to assist Financial Institutions (as defined in the Federal Reserve Banks’ Operating Circular 1 (Account Relationships) (“**OC 1**”)) within the scope of the FRBNY Account and Financial Services Handbook that are submitting business plans to FRBNY in connection with a request for an account with FRBNY or Federal Reserve financial services. The business plan must contain the information outlined below. As described in the FRBNY Account and Financial Services Handbook, all documents must be in English (or, if not in English, then accompanied by a certified English translation) and be accurate, current, responsive, and complete (including all amendments, amendments and restatements, or any other modifications).

In general, FRBNY has based these Business Plan Guidelines on the guidance set forth in the Interagency Charter and Federal Deposit Insurance Application.¹ Accordingly, the business plan is to contain each of the following:

1. Description of Business

- a. Describe the Financial Institution’s current and planned business model, customer base,

¹ <https://www.fdic.gov/formsdocuments/interagencycharter-insuranceapplication.pdf>.

market(s), market niche(s), domicile(s), products, services and any other/nontraditional activities.

- b. If a Financial Institution is in or will be in a holding company structure, discuss the operations of the organization, including a detailed organizational chart of the Financial Institution's structure (including departments and functions) and interaction between the Financial Institution and its affiliates.
- c. Describe the extent that there are or will be transactions with affiliated entities or persons. Include terms.
- d. Discuss the legal form and stock ownership of the Financial Institution, including any investment in subsidiaries or service corporations.
- e. Describe the current financial condition of the Financial Institution, if the Financial Institution has already been operational.
- f. Describe the current and proposed location(s), office network, staffing, and branch structure.
- g. Discuss growth and/or expansion plans, including additional branches, other offices, mergers or other acquisitions, if applicable.

2. Marketing Plan

A marketing plan provides, in detail, factual support that the Financial Institution has reasonable ability to achieve the revenue projections, customer volume, and key marketing and income targets. The analysis must be based on the most current data available, and the sources of information referenced. The marketing plan contains the in-depth discussion of the major planning assumptions for the market analysis, economic, and competitive components used to develop the plans, objectives, and the basis for the assumptions.

a. Product Strategy

- (i) List and describe the existing and planned products and services, including activities conducted through any subsidiaries. Discuss if currently and/or planning to engage in any subprime or speculative lending, including if currently and/or planning to originate loans with high loan-to-value ratios and/or low debt service coverage ratios.
- (ii) Discuss how the Financial Institution currently offers and intends to offer products and services over the next three years, indicating any variation in the different market areas or distribution channels, and include the time frame for the introduction and the anticipated cost associated with each.
- (iii) Describe the Financial Institution's existing and planned strategy to engage in

secondary market/mortgage banking activity, including loan participations, where applicable.

- (iv) Describe the existing and planned primary sources of loan and deposit customers and the major methods to solicit them. Indicate the current and expected number of customers and number of deposit accounts, including split between commercial and non-commercial. If currently using and/or planning to use brokers/agents, provide full details of the nature and extent of all such activities.
- (v) Describe existing and planned arrangements with e-commerce businesses (for example, links to another's website to shop, order, or purchase goods and/or services online), where applicable.

b. Market Analysis

- (i) Describe the current and intended target market(s) and geographical market area(s) over the next three years, indicating any variation in the products and services offered in each.
- (ii) Describe the demographics of the target market(s) population (for example, age, education, and occupation) over the next three years.

c. Economic Component

- (i) Describe the economic forecast over the next three years and reference the supporting information. The forecast must cover the most likely scenarios and discuss possible economic downturns.
- (ii) Indicate any existing and expected national, regional, or local economic factors that have and may affect the operations of the Financial Institution.

d. Competitive Analysis

- (i) Compare and contrast the Financial Institution's product strategy with its principal competitors in the existing and target market(s). Include expected results in terms of relative strength, market share, and pricing.
- (ii) Discuss the overall marketing/advertising strategy, including approaches to reach existing and target market(s) through the marketing of brand, products, and services. Outline the specific medium that will be used, including timing and level of advertising efforts.
- (iii) Discuss existing and anticipated competition in the existing and target market(s).

3. Management Plan – Directors and Officers

- a. Provide a list of current and proposed organizers, directors, senior executive officers, and any individual or group of shareholders acting in concert that currently and are expected to own/control 10 percent or more of the Financial Institution's stock. For each person listed, attach the Personal History Statement included with the Financial Institution's license application submitted to the local licensing and/or chartering authority in the jurisdiction in which the Financial Institution operates and seeks to operate. The personal history statement must also include an audited Personal Statement of Financial Condition (a "**PSFC**") that includes explanatory notes and details that reflect each listed person's most recent financial condition (assets, liabilities and net worth). At a minimum, FRBNY will accept an unaudited personal PSFC that has been "Reviewed" by a Certified Public Accountant (a "**CPA**") or independent accounting firm, in the event an audit of the PSFC cannot be performed. PSFC must reflect the financial condition of the individual within 6 months before the date all required documents are submitted to the FRBNY.
- b. Provide copies of current passports of individuals that currently and are expected to own/control 10 percent or more of the Financial Institution's stock (if not already included with the Personal History Statement).
- c. Provide the current and proposed staffing organizational chart, indicating the number of officers and employees. Describe the duties and responsibilities of the senior executive officers. Describe any management committees that are or will be established.
- d. Discuss the Financial Institution's current and planned strategy to address management succession, including any management training program or other available resources.

4. Financial Management Plan

- a. Capital and Earnings
 - (i) Discuss sources of capital at inception, if the Financial Institution recently became operational.
 - (ii) Describe composition of initial, existing and projected capital (e.g., contribution of preferred, common shares, etc.).
 - (iii) Discuss the existing and proposed capital strategy and the means to achieve it, including for raising capital and for financing future growth.
 - (iv) Discuss the existing and proposed earnings targets in terms of return on assets, net interest margin, or other profitability measurements, and summarize the strategies to achieve those targets.
 - (v) Discuss the adequacy of the current and proposed capital structure relative to internal and external risks, credit risk, planned operational and financial

assumptions, including technology, branching and projected organization and operating expenses. Provide a thorough justification to support the current and proposed capital, including any off-balance-sheet activities, where applicable.

(vi) Describe the debt service requirements for any debt that has been and/or will be issued at the holding company level to capitalize the Financial Institution, where applicable.

(vii) Summarize the existing and proposed dividend policy.

b. Liquidity and Funds Management

(i) Discuss the Financial Institution's existing and planned strategy to monitor and control its liquidity risk, including funding sources (deposits, borrowings). Include holding company support, where applicable.

(ii) Detail any existing and planned borrowings from other financial institutions or sources, including holding company support, where applicable.

(iii) Discuss the Financial Institution's existing and proposed investment policies and guidelines covering the Financial Institution's investment securities portfolio.

c. Sensitivity to Market Rate Risk

(i) Discuss the Financial Institution's existing and proposed objectives, strategies, and risk tolerance for interest rate risk.

(ii) Discuss how the Financial Institution has and will identify, measure and monitor interest rate risk.

d. Credit Risk

(i) Discuss how the Financial Institution has and will identify and measure credit risk.

(ii) Describe the existing and proposed loan review program, including independence, scope, frequency, and staff qualifications.

(iii) Describe the current and proposed methodology for determining the allowance for loan and lease losses.

5. Financial Projections

a. Provide quarterly balance sheet and income statement projections for the next three years of operations. The projected balance sheet must include details regarding the make-up of assets (including investments), liabilities (including deposits) and capital. The projected income statement must include the make-up of revenues and expenses for

the period covered.

- b.** Provide the minimum capital requirements of the local banking or regulatory authority and the extent to which the Financial Institution currently meets and expects to meet, or fails to meet, such capital requirements for the next three years of operations.
- c.** The financial projections must be presented in two ways: **(i)** showing all amounts in US dollars (\$); and **(ii)** as a percentage of total assets.
- d.** Provide a detailed description of all of the assumptions used to prepare the projected financial statements, including the assumed interest rate scenario, start-up costs, activity volumes, number of customer accounts, expected profitability, and expected timeframe to introduce each new product and/or service.
- e.** Provide the basis for the assumptions used for noninterest income and noninterest expense.