



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MARK E. VAN DER WEIDE
GENERAL COUNSEL

April 5, 2018

Donald S. Waack, Esq.
Mayer Brown LLP
1999 K Street NW
Washington D.C. 20006

Dear Mr. Waack:

This is in response to your request for a determination that American Century Companies, Inc., Kansas City, Missouri,¹ and its subsidiaries and affiliates (collectively, "American Century"), may acquire up to 15 percent of any class of voting securities of a bank holding company, bank, savings and loan holding company, or savings association² (each a "Regulated Company") without being deemed to have acquired control of that institution under the Bank Holding Company Act ("BHC Act"), the Home Owners' Loan Act ("HOLA"), or the Change in Bank Control Act ("CIBC Act") when the acquisition complies with certain conditions described in this letter and related correspondence.

American Century proposes to hold Regulated Company shares through a variety of investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional separate accounts that are sponsored, managed, or advised by American Century

¹ American Century is not, and is not affiliated with, a bank holding company or a savings and loan holding company.

² The terms bank holding company and bank have the same meanings as set forth in the BHC Act and the Board's Regulation Y. The terms savings and loan holding company and savings association have the same meaning as set forth in the HOLA and the Board's Regulation LL.

(collectively, the “American Century-Advised Entities” and together with American Century, the “American Century Parties”).

For purposes of the BHC Act and HOLA, a company³ controls an applicable Regulated Company if the first company (i) directly or indirectly or acting in concert through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the applicable Regulated Company; (ii) controls in any manner the election of a majority of the directors of the applicable Regulated Company; or (iii) directly or indirectly exercises a controlling influence over the management or policies of the applicable Regulated Company.⁴ The Board’s Regulation Y and Regulation LL also set forth several rebuttable presumptions of control.⁵

Under the proposal, the American Century Parties would not own, control, or hold with power to vote 25 percent or more of a class of voting securities of, or control the election of a majority of the directors of, any Regulated Company. In addition, the American Century Parties would not trigger any of the BHC Act or HOLA rebuttable presumptions of control under Regulation Y or Regulation LL, respectively, with respect to any applicable Regulated Company. American Century would only be deemed to control a Regulated Company under the BHC Act or HOLA, as applicable, if the Board were to find that American Century exercises a controlling influence over the management or policies of a Regulated Company.

For purposes of the CIBC Act, the American Century Parties are presumed by Regulation Y and Regulation LL to control a bank holding company, savings and loan holding company, or state member bank if, individually or collectively, “immediately after the transaction ... [they] will own, control, or hold with power to vote 10 percent or more of any class of voting securities of the institution” and either the institution has registered securities or no other person owns or controls a greater percentage of the same class of voting securities of the

³ Unlike the BHC Act, HOLA’s restrictions on control apply to persons, not just companies.

⁴ 12 U.S.C. §§ 1841(a)(2), 1467a(a)(2); 12 CFR 225.2(e), 238.2(e). Additionally, American Century will be deemed to control a company under HOLA if American Century owns more than 25 percent of the capital of the company. 12 U.S.C. § 1467a(a)(2)(B); 12 CFR 238.2(e)(2).

⁵ 12 CFR 225.3 l(d), 238.21(d).

institution.⁶ American Century proposes, from time to time, that the American Century Parties would acquire in excess of 10 percent of a class of voting securities of a bank holding company, savings and loan holding company, or state member bank.

American Century proposes several conditions and commitments to ensure that the American Century Parties would not exercise a controlling influence over a Regulated Company for purposes of the BHC Act or HOLA and to rebut the regulatory presumption of control for purposes of the CIBC Act. In particular, the American Century Parties collectively would not own or control more than 15 percent of any class of voting securities of a Regulated Company, and none of American Century or any American Century-Advised Entity would individually own or control more than 10 percent of any class of voting securities of a Regulated Company. In addition, American Century has committed to use its best efforts to vote shares of a Regulated Company owned or controlled by the American Century Parties in excess of 10 percent (“excess shares”) in the same proportion as all other shares of the Regulated Company not owned by the American Century Parties are voted. In the event that American Century’s best efforts are unsuccessful, American Century would not vote any excess shares.

Moreover, American Century has made a number of commitments designed to mitigate the ability of the American Century Parties to control a Regulated Company. Among these commitments, American Century has committed that, whenever the American Century Parties own or control, in the aggregate, 10 percent or more of any class of voting securities of a Regulated Company, the American Century Parties will not, individually or collectively:

- 1) take any action to control the Regulated Company within the meaning of the BHC Act or HOLA, as applicable;
- 2) have any director, officer, or employee interlocks with the Regulated Company;
- 3) except in the context of a tender offer or in certain other specified transactions, dispose of voting shares of the Regulated Company (i) to any person seeking control over the institution or (ii) in block transactions exceeding 5 percent of any class of voting shares of the institution; or

⁶ 12 CFR 225.41(c).

- 4) threaten to dispose of voting shares in any manner as a condition of specific action or non-action by the Regulated Company.⁷

In addition to considering the commitments made by American Century, Board staff has considered the nature of American Century and its proposed investments. American Century operates and provides investment advice to the American Century-Advised Entities. The proposed acquisitions in Regulated Companies would not be proprietary investments by American Century. Rather, they would be investments made by American Century-Advised Entities and on behalf of the beneficial owners of the American Century-Advised Entities. The American Century-Advised Entities are not operating companies, and American Century does not lend to the American Century-Advised Entities or to their portfolio companies. Moreover, American Century is not in the business of operating or controlling Regulated Companies, or other companies. The proposed acquisitions will be made for investment purposes with the expectation of resale and not for the purpose of exercising a controlling influence over the management or policies of any Regulated Company, and the American Century Parties do not employ business strategies that contemplate the exercise of a controlling influence over the Regulated Companies.

In view of the commitments made by American Century and the facts described in this letter, Board staff would not recommend that the Board find that acquisitions made within the parameters set forth in this letter would cause American Century or any of the American Century-advised Entities: (i) to control a bank holding company or bank for purposes of the BHC Act; (ii) to control a bank holding company, savings and loan holding company, or state member bank for purposes of the CIBC Act; or (iii) to control a savings and loan holding company or savings association for purposes of the HOLA.

The preceding opinions are based expressly on the facts and circumstances of this case as they have been described to Board staff, and any change in these facts or circumstances may result in a different opinion. In addition, this letter expresses no opinion as to whether a CIBC Act notice would be required for transactions involving direct investments in national banks, state non-member banks, or savings associations. If you have any questions about this

⁷ For a complete list of the commitments that American Century has made to the Board, see the Appendix.

matter, please contact Will Giles (202-452-3351) or Jay Schwarz (202-452-2970) of the Board's Legal Division.

Sincerely,

A handwritten signature in blue ink, reading "Mark Van De Weide". The signature is written in a cursive style with a large initial "M".

APPENDIX

Commitments of American Century to the Board

Aggregate investments by American Century and the American Century-Advised Entities in 10 percent or more of any class of voting securities of a Regulated Company will be conducted in accordance with the commitments and restrictions listed below.

1. American Century and the American Century-Advised Entities in the aggregate:
 - a. will not acquire more than 15 percent of any class or series of voting securities of any Regulated Company without receiving the Board's prior nonobjection or approval under the Change in Bank Control Act, the Bank Holding Company Act, or the Home Owners' Loan Act, as applicable; and
 - b. will use best efforts to provide that shares in excess of 10 percent of any class or series of voting securities of a Regulated Company ("excess shares") will be voted in proportion to the vote taken on all shares that are not excess shares or, in the event that such efforts to provide for mirror voting are not successful, will not vote any excess shares.
2. Neither American Century nor any American Century-Advised Entities will, directly or indirectly, individually or in the aggregate:
 - a. take any action to cause a Regulated Company or any of its subsidiaries to become a subsidiary of American Century or any American Century-Advised Entity for the purposes of the BHC Act;
 - b. unless agreed to by the Federal Reserve Board or its staff, and permitted by applicable law, seek or accept representation on the board of directors of any Regulated Company or its subsidiaries;
 - c. have or seek to have any representative of American Century or any American Century-Advised Entity serve as an officer, agent or employee of any Regulated Company or its subsidiaries;

- d. propose a director or a slate of directors in opposition to any nominee or slate of nominees proposed by the management or board of directors of any Regulated Company;
 - e. exercise or attempt to exercise a controlling influence over the management or policies of any Regulated Company or any of its subsidiaries;
 - f. attempt to influence the dividend policies; loan, credit or investment decisions or policies; pricing of services; personnel decisions; operations activities (including the location of any offices or branches or their hours of operation, etc.); or any similar activities or decisions of any Regulated Company or any of its subsidiaries;
 - g. enter into any agreement with a Regulated Company or any of its subsidiaries that substantially limits the discretion of the Regulated Company's management over major policies and decisions, including, but not limited to, policies or decisions about employing and compensating executive officers; engaging in new business lines; raising additional debt or equity capital; merging or consolidating with another firm; or acquiring, selling, leasing, transferring, or disposing of material assets, subsidiaries or other entities;
 - h. solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of a Regulated Company or any of its subsidiaries; or
 - i. dispose or threaten to dispose (explicitly or implicitly) of equity interests of a Regulated Company or any of its subsidiaries in any manner as a condition or inducement of specific action or non-action by Regulated Company or any of its subsidiaries.
3. Neither American Century nor any American Century-Advised Entity will dispose of voting securities of a Regulated Company:
- a. to any person if American Century or the American Century-Advised Entity knows that such person seeks to change the control of the Regulated Company in any manner; or

- b. to any person whom American Century or the American Century-Advised Entity knows (i) has made a filing with the U.S. Securities and Exchange Commission or other federal agency with respect to the ownership of more than 5 percent of the Regulated Company's voting securities, or (ii) would be required to do so as a result of the purchase from American Century or a American Century-Advised Entity; or
- c. in an amount of more than 5 percent of the Regulated Company's voting securities in any single transaction¹;

provided that notwithstanding paragraphs (a) through (c) above, American Century and the American Century-Advised Entities may dispose of their stock in a Regulated Company in the following circumstances:

- i. in a cross trade between two American Century-Advised Entities in compliance with the rules governing such cross trades under the Investment Company Act of 1940, as amended ("1940 Act");
 - ii. in a sale by American Century or American Century-Advised Entities to the Regulated Company or one of its subsidiaries;
 - iii. in a tender or exchange offer for voting stock of the Regulated Company; or
 - iv. in a widespread public distribution effected on a stock exchange or otherwise (which may include a sale to one or more broker-dealers acting as market makers or otherwise intending to resell the shares sold to it or them in accordance with its or their normal business practices).
4. Neither American Century nor any American Century-Advised Entity will individually own, control or hold with power to vote more than 10 percent of any class of voting securities of a Regulated Company.

¹ A single transaction includes a bunched trade effected by two or more American Century-Advised Entities in compliance with the rules governing bunched trades under the 1940 Act.