



Division of Banking: Organize a New State Bank

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The following are the general requirements and steps necessary to organize a new (de novo) state chartered bank. The fact situations about each potential bank vary from applicant to applicant depending on the location of the proposed bank, the size and scope of your proposed operations, the costs of your main banking premise, the proposed business plan and market strategy for the bank, the experience of the banks proposed management and the services that the bank plans to offer. We encourage individuals or groups that are interested in organizing a state bank to contact our Corporate Applications Section at (312) 793-3000 for assistance in completing your application.

The statutes governing the organization of state banks are found in Sections 7 through 16 of the Illinois Banking Act, 205 ILCS 5/7 - 16.

Persons wishing to form a state chartered bank must submit a completed application to the Secretary's office, including completed biographical and financial statements of each of the incorporators, management and directors of the proposed bank. A non-refundable application fee must accompany the application.

1. The Capital Requirements are as follows*:
 - \$6,000,000 for a bank that is located in Chicago's central business district
 - \$4,000,000 for a bank that is located in the Chicago metropolitan area
 - \$3,000,000 for a bank that is located outside of the Chicago metropolitan area

** please note these are minimums and a greater amount may be required by the Secretary if the bank's proposed size and scope of operations should warrant.*
2. A state bank in organization requires 5 or more incorporator/organizers.
3. A state bank may organize as a limited liability company.
4. A state bank must have at least 5 directors and not more than 25 directors.
5. Proposed management must consist of a President, Senior Lender and Cashier all with significant banking experience.
6. All proposed incorporators, directors and management must submit background and financial information and undergo a fingerprint check through the Illinois State Police and Federal Bureau of Investigation.
7. The findings required of the Division of Banking prior to issuance of a Permit to Organize are:
 - The proposed capital at least meets the minimum requirements;
 - Future earnings prospects are favorable;
 - The general character, experience and qualifications of its proposed management and its proposed plan of operation assures reasonable promise of successful, safe and sound operation;
 - The name of the proposed bank is not the same as or deceptively similar to the name of any other bank; and
 - The convenience and needs of the area to be served will be promoted.
8. The processing time by the Division of Banking is approximately 60 days from the date of acceptance of an Application for a Permit to Organize a State Bank.
9. The review is conducted by the District Supervisor for the bank's proposed location in conjunction with the Corporate Applications Section.
10. Banks may begin operations in temporary facilities (bank trailers, etc.) until such time as their permanent headquarters is built.
11. A bank has six months from the date the permit to organize is issued (allowing them to sell subscriptions of stock) until they must have raised the money, hold a subscribers meeting, and an organizational meeting. Evidence of this must be presented to the Secretary within the six month period. The Secretary can grant a 6 month extension on this date.
12. A bank has one year to commence business from the date the bank has been issued a charter.
13. All banks must apply for and receive deposit insurance from the Federal Deposit Insurance Corporation.