



State of New Jersey
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BULLETIN NO. 07-05

TO: ALL NEW JERSEY-CHARTERED BANKS, SAVINGS BANKS &
STATE ASSOCIATIONS

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: APPLICATION OF PARITY AS TO BANK STOCK OPTION PLANS
FOR DIRECTORS, OFFICERS AND EMPLOYEES

The purpose of this Bulletin is to advise New Jersey chartered depository institutions of the Department's response to the issue referenced above.

The Department recently received an inquiry on whether New Jersey's parity law would permit a New Jersey chartered bank to offer up to 25% of the bank's stock in stock option plans based on parity with Federal regulations. New Jersey law permits the use of parity regarding the structure and corporate governance of New Jersey chartered institutions provided there is no supervisory concern. See N.J.S.A. 17:9A-25.5B and N.J.A.C. 3:6-12.1 and N.J.A.C. 3:26-4.1.

The Department has determined that offering up to 25% of an institution's stock in stock option plans pursuant to parity in accordance with Federal regulations set forth in 12 CFR 7.2011 and 12 CFR 30 raises no supervisory concern per se. The Department notes that the Federal regulations contain standards and safeguards that are applicable under parity. Accordingly, on December 12, 2006 the Department issued a letter to the inquirer approving the use of parity as requested.

The Department is available to discuss parity issues with any of its chartered institutions, including the issues presented in this bulletin. The direct contact at the Department is Chief Examiner Michael Sheridan at 609-984-3602 ext. 50067.

2/21/07
Date

/s/ Steven M. Goldman
Steven M. Goldman
Commissioner

Fos07-02