



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

SCOTT G. ALVAREZ
GENERAL COUNSEL

December 21, 2016

John P. Greeley, Esq.
Smith Mackinnon, P.A.
Citrus Center, Suite 1200
255 South Orange Avenue
Orlando, Florida 32801-3457

Dear Mr. Greeley:

This is in response to your letter, dated December 12, 2016, and received on December 15, to the Federal Reserve Bank of Atlanta requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for CenterState Banks, Inc. (“CenterState”), Winter Haven, Florida, a financial holding company, to acquire Platinum Bank Holding Company (“PBHC”), a bank holding company, and thereby indirectly acquire its wholly-owned subsidiary state nonmember bank, Platinum Bank, both of Brandon, Florida.

The purpose of the proposed transaction is to facilitate the merger of Platinum Bank with and into CenterState’s wholly-owned subsidiary national bank, CenterState Bank of Florida, N.A. (“CenterState Bank”), Winter Haven, Florida. The transaction would occur as follows: (1) PBHC would merge with and into CenterState, with CenterState as the surviving entity; and (2) immediately thereafter, Platinum Bank would merge with and into CenterState Bank, with CenterState Bank as the surviving entity (“Bank Merger”). You have indicated that Platinum Bank would exist as a wholly-owned subsidiary of CenterState for only a moment in time and that CenterState would not operate Platinum Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before the merger or consolidation of bank holding companies and before a bank holding company may acquire more than 5 percent of the shares of a bank.² Through the transaction described above, CenterState would merge with PBHC and

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

indirectly acquire Platinum Bank. Accordingly, CenterState would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before merging with PBHC.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to merge with another bank holding company need not obtain the Board's prior approval. Specifically, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company need not receive the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("the Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and CenterState has provided all necessary information.

The Bank Merger requires the prior approval of the Office of the Comptroller of the Currency ("OCC") under the Bank Merger Act.⁵ In acting on the merger proposal, the OCC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Platinum Bank and CenterState Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁷

Additionally, CenterState would acquire control of Platinum Bank only for the short time necessary to complete the merger of Platinum Bank with and into CenterState Bank. At no time would Platinum Bank operate as a separate subsidiary bank of CenterState. Following the transaction, the separate corporate existence of Platinum Bank would cease, and CenterState Bank would continue to operate as a

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). CenterState Bank filed a Bank Merger Act application with the OCC dated December 6, 2016, requesting prior approval of the Bank Merger. CenterState has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5) and (11), 2902(3)(E), 2903(a)(2).

⁷ See 12 U.S.C. § 1842(c); 12 CFR 225.13.

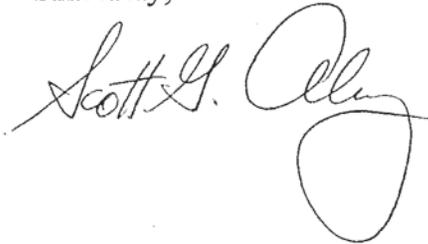
national bank. Under these circumstances, review of the transaction under section 3 of the BHC Act would be duplicative of the review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring CenterState to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application by CenterState in connection with the transaction described above. This opinion is subject to the receipt by CenterState, CenterState Bank, PBHC, and Platinum Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed upon approval of the proposal.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Matt Suntag at (202) 452-3694 or Evans Muzere at (202) 452-2621, of my staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Allen". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

cc: Office of the Comptroller of the Currency