



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

SCOTT G. ALVAREZ
GENERAL COUNSEL

March 17, 2017

Edward H. Seksay, Esq.
General Counsel
Independent Bank Corp.
2036 Washington Street
Hanover, Massachusetts 02339

Dear Mr. Seksay:

This is in response to your letter to the Federal Reserve Bank of Boston, dated and received on March 7, 2017, requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for Independent Bank Corp. (“Independent”), Hanover, Massachusetts, a bank holding company, to acquire Island Bancorp, Inc. (“Island”), a bank holding company, and Island’s wholly owned subsidiary, The Edgartown National Bank (“Edgartown Bank”), a national banking association, both of Edgartown, Massachusetts.

The purpose of the proposed transaction is to facilitate the merger of Edgartown Bank with and into Independent’s wholly owned subsidiary, Rockland Trust Company (“Rockland Trust”), Rockland, Massachusetts, a state nonmember bank. The transaction would occur as follows: (1) Island would merge with and into Independent, with Independent as the surviving entity; and (2) immediately thereafter, Edgartown Bank would merge with and into Rockland Trust, with Rockland Trust as the surviving entity (“Bank Merger”). You have indicated that the transaction steps would occur in immediate succession and that Independent would not operate Edgartown 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 direct or indirect ownership or control of

¹ 12 U.S.C. § 1841 *et seq.*

more than 5 percent of the voting shares of a bank.² Through the transaction described above, Independent would merge with Island and acquire control of Edgartown Bank. Accordingly, Independent would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y.

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 or acquire control of a bank 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 Independent has provided all necessary information.

The proposed merger of Edgartown Bank with and into Rockland Trust requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC 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 Edgartown Bank and Rockland Trust, 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, at no time would Edgartown Bank operate as a separate subsidiary of Independent. Following the transaction, the separate corporate existence of Edgartown Bank would cease, and Rockland Trust would continue to operate as a state nonmember bank. Under these circumstances, review of the transaction under section 3

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). Rockland Trust filed a Bank Merger Act application dated December 16, 2016, with the FDIC, requesting prior approval of the Bank Merger.

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.

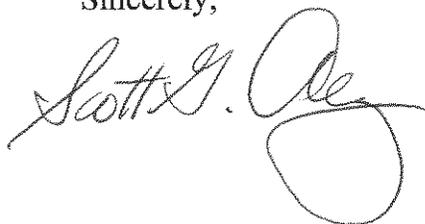
of the BHC Act would be duplicative of the review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring Independent 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 Independent in connection with the transaction described above. This opinion is subject to the receipt by Independent, Rockland Trust, Island, and Edgartown 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 Keisha Patrick at (202) 452-3559 or Jason Shafer at (202) 728-5811, of my staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. O'Leary". The signature is written in black ink and is positioned below the word "Sincerely,".

cc: Federal Deposit Insurance Corporation