

**Inactive as of 12/27/2024 and replaced with a new agreement.**  
**[Passivity Agreement with Vanguard Group - December 27, 2024 \(PDF\)](#)**

**PASSIVITY AGREEMENT**

This Passivity Agreement (“Agreement”), is made and entered into as of 10/29/2019, by and between the **FEDERAL DEPOSIT INSURANCE CORPORATION** (the “FDIC”), a Federal banking agency with its principal office in Washington, D.C., and **THE VANGUARD GROUP, INC.**, a Pennsylvania corporation with its principal office in Malvern, PA, its subsidiaries, and affiliates (“Vanguard”, and, together with the investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional accounts that are sponsored, managed, or advised by Vanguard, including those advised by third-party managers (the “Vanguard Funds”), the “Vanguard Parties”).

**WHEREAS**, generally, no person may acquire control of a state nonmember bank or state savings association, or the parent companies thereof (together “FDIC-Supervised Institution”) unless the FDIC has been given at least sixty-days prior written notice and, within that time, the FDIC has not disapproved the proposed acquisition pursuant to the Change in Bank Control Act (“CBCA”), 12 U.S.C. § 1817(j); and

**WHEREAS**, generally, pursuant to the CBCA and the FDIC’s implementing regulations at 12 C.F.R. §§ 303.80 to 303.88, any person, acting directly or indirectly or through or in concert with one or more persons, who acquires voting securities of an FDIC-Supervised Institution is presumed to have acquired control of such FDIC-Supervised Institution, if, (i) immediately after the acquisition, the acquiring person, or persons acting in concert, own, control, or hold the power to vote at least ten percent but less than twenty-five percent of any class of voting securities of such FDIC-Supervised Institution, and (ii) either no other person owns, controls, or holds the power to vote a greater percentage of that class of voting securities, or the securities of the FDIC-Supervised Institution are registered under Section 12 of the Securities Exchange Act of 1934; and

**WHEREAS**, the Vanguard Parties from time to time may acquire securities issued by an FDIC-Supervised Institution, through Vanguard Funds consistent with their investment strategies and fiduciary duties owed to their clients; and

**WHEREAS**, the Vanguard Parties propose to acquire voting securities of an FDIC-Supervised Institution in an amount such that, after the acquisition, the Vanguard Parties will hold, in aggregate, 10 percent or more, but less than 15 percent of the voting securities of the FDIC-Supervised Institution (with each such FDIC-Supervised Institution a “Covered Institution”); and

**WHEREAS**, the Vanguard Parties do not wish to be deemed to control any FDIC-Supervised Institution for purposes of the CBCA and the FDIC’s implementing regulations and have offered to execute this Agreement in connection with such acquisitions; and

**WHEREAS**, unless the Vanguard Parties file with the FDIC a notice pursuant to the CBCA or enter into, perform their obligations under, and comply with the provisions of this Agreement, FDIC staff may recommend to the Board of Directors of the FDIC (the “Board”) that

it find that the Vanguard Parties have acquired control of an FDIC-Supervised Institution without complying with the CBCA.

**NOW THEREFORE**, in consideration of the foregoing premises, the representations, commitments, terms, and conditions contained herein, the Vanguard Parties agree that any acquisitions of the voting securities of an FDIC-Supervised Institution will be conducted as follows:

- I. None of the Vanguard Parties will, directly or indirectly, acting alone, or in concert with others:
  - A. Direct or attempt to direct the management or policies of a Covered Institution or any of its subsidiaries;
  - B. Have or seek to have any representative serve on the board of directors of a Covered Institution or any of its subsidiaries;
  - C. Have or seek to have any director, officer, employee, or representative serve as an officer, agent, or employee of a Covered Institution or any of its subsidiaries;
  - D. Take any action that would cause a Covered Institution or any of its subsidiaries to become controlled by the Vanguard Parties;
  - E. Acquire, control, or retain voting securities, directly or indirectly, that, when aggregated with (1) the voting securities acquired, controlled, or retained by the officers and directors of the Vanguard Parties or any affiliate of the Vanguard Parties and (2) the voting securities acquired, controlled, or retained by another Vanguard Party, equal or exceed 15 percent of any class of voting securities of an FDIC-Supervised Institution or any of its subsidiaries; and no individual Vanguard Fund shall acquire, control, or retain securities, directly or indirectly, that equal or exceed 10 percent of any class of voting securities of an FDIC-Supervised Institution or any of its subsidiaries;
  - F. Propose a director or slate of directors of a Covered Institution or any of its subsidiaries;
  - G. Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of a Covered Institution or any of its subsidiaries;
  - H. Attempt to influence the policies or decisions of a Covered Institution or any of its subsidiaries with respect to: dividends; lending; credit; investments; the pricing of products or services; personnel; operational activities; engaging in new business lines or products or services; raising debt or equity capital; acquiring or selling assets or companies; merging with another company; or any similar activities, practices, or decisions of a Covered Institution or any of its subsidiaries;

- I. Dispose or threaten to dispose of securities of a Covered Institution or any of its subsidiaries in any manner as a condition or inducement of specific action or nonaction by a Covered Institution or any of its subsidiaries;
- J. Enter into any transaction, directly or indirectly, with a Covered Institution or any of its subsidiaries except that:
  - 1. The Vanguard Parties may establish and maintain deposit accounts with a depository institution controlled by a Covered Institution (a "Bank"); provided that the total amount of such deposits, in the aggregate, shall at all times be less than or equal to the greater of 2 percent of the Bank's total deposits or \$500,000; and provided further that such accounts are subject to substantially the same terms as those prevailing for comparable accounts of persons not associated or affiliated with the Bank or any company that controls the Bank;
  - 2. The Vanguard Parties may: (1) offer or sell, either directly or indirectly, the Vanguard Funds to a Covered Institution, its affiliates, and any related retirement or employee benefit plans; (2) provide cash management services to a Covered Institution, its affiliates, and any related retirement or employee benefit plans, whereby the Vanguard Funds would accept investments either directly or through an intermediary (*i.e.*, a broker-dealer); and (3) provide recordkeeping, investment management, investment advisory, fiduciary, brokerage, custody, and related compliance, reporting, administration or payment services to a Covered Institution, its affiliates, and related retirement or employee benefit plans; provided that such products or services are provided on the basis of terms that are the result of arm's-length dealings.
  - 3. The Vanguard Parties may acquire, directly or indirectly, additional voting securities of a Covered Institution as long as the aggregate interests of the Vanguard Parties, their respective officers and directors, or any affiliate of the Vanguard Parties, and any persons acting in concert therewith, remain, in the aggregate, less than 15 percent of any class of voting securities of the Covered Institution;
  - 4. The Vanguard Parties may purchase debt securities issued by a Covered Institution; provided that such debt securities are (i) issued by a Covered Institution in a public or private offering to multiple investors, where the price and key terms are standardized across investors and not privately negotiated between the Vanguard Parties and the Covered Institution or (ii) purchased by the Vanguard Parties from a third party in the secondary market; provided further that the combined interests of the Vanguard Parties, their affiliates, their respective officers and directors, and any persons acting in concert therewith, remain, in the aggregate, less than 25 percent of the total outstanding debt securities of the Covered Institution.



Any debt securities acquired pursuant to this paragraph that are convertible into voting securities of the Covered Institution shall be included in the calculation of the limits described in paragraphs E. and J.3. of section I. of this Agreement.

- II. The Vanguard Parties will use best efforts to provide that shares in excess of 10 percent of any class of voting securities of a Covered Institution (“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, the Vanguard Parties will not vote any excess shares.
- III.
  - A. On or before January 31 of each year during the term of the Agreement, the Vanguard Parties shall certify in writing to the FDIC’s Associate Director, Risk Management and Examination, whether the Vanguard Parties have, at all times during the previous calendar year ending on December 31, fully complied with all of the provisions of this Agreement.
  - B. On or before January 31 of each year during the term of the Agreement, the Vanguard Parties shall provide to the FDIC’s Associate Director, Risk Management and Examination, a list of Covered Institutions, together with the aggregate amount of voting securities acquired, controlled, or retained, directly or indirectly, by the Vanguard Parties.
- IV. The inaccuracy of any representation or the failure to perform or observe any other provision of this Agreement may be viewed as a violation of the CBCA and the FDIC’s implementing regulations. In addition to any other remedies provided by law, this Agreement shall constitute a “written agreement” entered into with a Federal banking agency enforceable under sections 8 and 50 of the Federal Deposit Insurance Act (12 U.S.C. §§ 1818, 1831aa) (“Sections 8 and 50”), and the violation of any provision of this Agreement may subject one or more of the Vanguard Parties to enforcement action. By executing this Agreement, The Vanguard Group, Inc. agrees that it and each of the Vanguard Parties is an “institution affiliated party” for purposes of enforcing this Agreement under Sections 8 and 50.
- V. This Agreement does not, and shall not be construed to, prevent, limit, or otherwise affect the FDIC’s exercise of any of its supervisory or regulatory powers, authorities, or responsibilities with respect to an FDIC-Supervised Institution, the Vanguard Parties, or any of their respective affiliates.
- VI. Miscellaneous Provisions.
  - A. Definitions. Terms used in this Agreement that are defined in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. § 1813 (“Section 3”) have the meanings given them in Section 3 except as otherwise defined herein. The following terms have the meanings indicated:

1. “board of directors” means: (i) for a corporation, the board of directors; (ii) for a limited liability company, the board of managers or the managing member(s); (iii) for a trust, the trustee(s) or board of trustees; (iv) for a partnership, all of the general partners; and (v) any persons (natural or otherwise) serving in a similar function, as appropriate.
  2. “control” has the meaning provided in 12 U.S.C. § 1817(j)(8), including the presumptions of control at 12 C.F.R. § 303.82(b).
- B. Authority of Vanguard. The boards of directors of The Vanguard Group, Inc. and the necessary Vanguard Parties have authorized the Vanguard Parties, by appropriate board resolution, to enter into, perform, and comply with this Agreement.
- C. Governing Laws. This Agreement and the rights and obligations hereunder shall be governed by, and construed in accordance with, Federal Law, and, in the absence of controlling Federal Law, in accordance with the laws of the State of New York.
- D. No Waiver. No failure to exercise, and no delay in the exercise of, any right or remedy on the part of any party to this Agreement, shall operate as a waiver, abandonment, or termination of any right or remedy. Further, any exercise or partial exercise of any right or remedy relating to this Agreement will not preclude any other or further exercise of any right or remedy.
- E. No Oral Change. This Agreement may not be amended, terminated, renewed or extended, in whole or in part, in any manner, except by a writing signed by each party.
- F. Addresses. Any notice, request, or other communication pursuant to the Agreement shall be provided in writing and shall be delivered by hand or sent by United States express mail or commercial express mail, postage prepaid, and addressed as follows:

If to the **Vanguard Parties:**

The Vanguard Group, Inc.  
400 Devon Park Drive, V26  
Wayne, PA 19087  
Attn: General Counsel

And

Debevoise & Plimpton LLP  
801 Pennsylvania Avenue N.W.  
Washington, D.C. 20004  
Attn: Satish Kini

If to the **FDIC:**

Associate Director, Risk Management and Examination Branch  
Division of Risk Management Supervision  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

- G. Assignment. This agreement may not be assigned or transferred, in whole or in part, without the prior written consent of the FDIC.
- H. Complete Agreement. This Agreement is the complete and exclusive statement of the agreement between the parties concerning the commitments set forth herein, and supersedes all prior written or oral communications, understandings, representations, and agreements relating to the subject matter of this Agreement.
- I. Severability. In the event any one or more of the provisions contained herein should be held invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith to replace the invalid, illegal, or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.
- J. Termination. Upon written notification to the FDIC by The Vanguard Group, Inc., on its own behalf and on behalf of the Vanguard Parties, that none of the Vanguard Parties any longer owns, controls, or holds the power to vote any equity or debt securities of any Covered Institution and written confirmation by the FDIC to The Vanguard Group, Inc. of the same, this Agreement shall terminate without any further action by any of the Vanguard Parties or the FDIC.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year indicated above.

**FEDERAL DEPOSIT INSURANCE CORPORATION**

By: \_\_\_\_\_

Name: Dorcan R. Chertney

Title: Director

**THE VANGUARD GROUP, INC.**

By: \_\_\_\_\_

Name: Anne E. Robinson, Esq.

Title: Managing Director, General Counsel, and Secretary