

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Scottrade Bank (Proposed)
Des Peres, Missouri

Application for Federal Deposit Insurance

ORDER

The Federal Deposit Insurance Corporation has satisfactorily resolved the factors in Section 6 of the Federal Deposit Insurance Act as they relate to the application for Federal deposit insurance for Scottrade Bank, Des Peres, St. Louis County, Missouri, a proposed new Federal savings institution to be located at 12800 Corporate Hill Drive, Des Peres, Missouri.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by Scottrade Bank for Federal deposit insurance be approved subject to the following conditions:

- (1) That beginning paid-in capital funds will not be less than \$300,000,000, of which not less than \$1,000 shall be allocated to common capital and not less than \$299,999,000 to surplus;
- (2) That a Tier 1 Leverage Capital Ratio, as defined in Part 325 of the FDIC's Rules and Regulations, of no less than 8 percent be maintained during the institution's first three years of operation;
- (3) That any changes in proposed management or proposed ownership (10 percent or more of stock), including new acquisitions of or subscriptions to 10 percent or more of stock, shall be approved by the FDIC prior to opening the institution;
- (4) That the institution maintain its books on an accrual accounting system;
- (5) That the institution obtain sufficient fidelity bond coverage on its active officers and employees to conform with generally accepted banking practices, prior to opening;
- (6) That Federal deposit insurance shall not become effective until the applicant has been granted a charter as a depository institution, it has authority to conduct a banking business, and its establishment and operation as a Federal savings bank have been fully approved by the Office of Thrift Supervision;
- (7) That Scottrade Financial Services, Inc., has obtained approval from the Office of Thrift Supervision to acquire voting stock control of the institution, prior to opening;

- (8) That prior to commencing operations, the institution has submitted any proposed contracts, leases or agreements relating to construction or rental of permanent quarters to the Regional Director for review and comment;
- (9) That the institution has fully disclosed to all proposed directors and stockholders any insider transactions, including the identity of the insider(s) and the terms and costs involved. An insider is any proposed director, officer, or incorporator; a shareholder who directly or indirectly controls 10 percent or more of the institution's outstanding voting stock; or the related interests of any such person;
- (10) That if deposit insurance has not become effective within twelve months from the date of this ORDER, the consent granted shall expire, unless a request for an extension of time has been approved by the FDIC prior to expiration; and,
- (11) That until the institution is established, the FDIC shall have the right to alter, suspend, or withdraw its commitment should any interim development warrant such action.

By Order of the Associate Director, Division of Supervision and Consumer Protection, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at Washington, D.C., this 5th day of May, 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

/s/
Serena L. Owens
Associate Director
Division of Supervision and Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Scottrade Bank (Proposed)
Des Peres, St. Louis County, Missouri

Application for Federal Deposit Insurance

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. § 1815), an application for Federal deposit insurance has been filed for Scottrade Bank, a proposed Federal savings bank to be located at 12800 Corporate Hill Drive, Des Peres, St. Louis County, Missouri.

The institution will be a wholly-owned subsidiary of Scottrade Financial Services, Inc. (SFSI), a corporation formed for the purpose of owning both the proposed institution and Scottrade, Inc., an online securities brokerage firm headquartered in the St. Louis metropolitan area. The institution will operate as a "sweep bank," into which brokerage customers' cash balances may be swept. The funds swept into the Bank will be invested in securities, primarily low-risk U.S. Treasury and Agency securities. The proposal also allows the swept funds to be invested in other investments allowing for higher yields than could be achieved by the brokerage. The proposed institution will not make loans and will not have a traditional retail presence.

For purposes of this proposal, capital is adequate, earnings prospects are sufficient to provide a profitable operation from the date that operations commence, management is capable, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections to this proposal have been filed, and no undue risk to the Deposit Insurance Fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Associate Director, acting under delegated authority, has concluded that approval of the application is warranted subject to certain conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**