Enclosed please find a copy of Special Order 1997-2 which became effective June 1, 1997. This Order is being issued to promote competitive equality between state banks and national banking associations in Kansas. As many of you are aware, effective June 1, 1997 interstate merger transactions involving Kansas national banks are now legal. Additionally, Kansas national banks are authorized to retain and operate as branches any offices involved in the interstate merger which were operating as a main or branch office prior to the merger. The language of the Riegle-Neal Interstate Banking and Branching Efficiency Act requires a state to take affirmative action if they wish to grant this power to their state chartered institutions. Because our legislature did not act on the issue, the Commissioner has decided to issue Special Order 1997-2, which grants Kansas state chartered banks interstate branching authority to the same extent as national banks. This Special Order establishes application guidelines. The Order does not permit the establishment of interstate branches in Kansas on a de novo basis.