

REVISED
3:19 pm, Jun 13, 2008

DRAFT

Appendix 1

FRK-2
OMB No. 7100-0284
Approval expires September, 2008

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

**INTERNATIONAL APPLICATIONS AND PRIOR NOTIFICATIONS
UNDER SUBPART B OF REGULATION K**

Legal Name of Applicant *or Notificant*

Street

City State / Province Country

Hereby applies to the Board to:

_____ establish a branch, agency, or commercial lending company in the United States pursuant to section 211.24(a)(1) of Regulation K

_____ establish a representative office in the United States pursuant to section 211.24(a)(1) of Regulation K

or provides notice to:

_____ establish a branch, agency or commercial lending company in the United States pursuant to section 211.24(a)(2)(i)(A) of Regulation K

_____ establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(1) of Regulation K

_____ establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(2) of Regulation K

_____ establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(3) of Regulation K

Intended Location of Proposed Office

City State

→ *Inland 1*
e-mail address,

Name, title, address, and telephone number of person(s) to whom inquiries concerning this application may be directed:

Signature of Chief Executive Officer or Designee

Date of Application

Public reporting burden for this information collection is estimated to average 35 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Comments regarding this burden estimate or any other aspect of this information collection, including suggestions for reducing the burden, may be sent to Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

An application is authorized by sections 7 and 10 of the International Banking Act (12 U.S.C. 3105 and 3107) and Regulation K (12 C.F.R. 211.24(a)).

Insert 1

Does Applicant/Notificant request confidential treatment for any portion of this submission?

Yes

In accordance with page __ of the instructions, a letter justifying the request for confidential treatment is included.

The information for which confidential treatment is being sought is separately bound and labeled "CONFIDENTIAL."

No

Certification

I certify that the information contained in this application/notification has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 USC 1001 and 1007.

I also certify, with respect to information pertaining to an individual and submitted to the Board of Governors of the Federal Reserve System ("Federal Reserve") in (or in connection with) this application/notification, that the applicant/notificant has the authority, on behalf of the individual, to provide such information to the Federal Reserve and to consent or object to public release of such information. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 CFR Part 261, that the applicant/notificant and individual consent to public release of all details in the application/notification and in any related submissions containing information concerning that individual.

I acknowledge that approval of this application/notification is in the discretion of the Federal Reserve. Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

General Instructions

ADDRESS]. The thirty-day comment period will not end before [DATE]. If you need more information about how to submit your comments, contact [NAME AND TITLE OF APPROPRIATE OFFICER], Federal Reserve Bank of [CITY], at [AREA CODE AND TELEPHONE NUMBER].

Confidentiality

Insert 2

Under the provisions of the Freedom of Information Act, the application is a public document and available to the public upon request. If Applicant/Notificant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that of its subsidiaries, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested. This request for confidential treatment must be submitted in writing concurrently with the submission of the application, and must discuss in detail the justification for confidential treatment. Such justification must be provided for each response for which confidential treatment in the public portion of the application is requested.

The reasons for requesting confidentiality should demonstrate specifically the harm that would result from public release of the information. A statement simply indicating that the information would result in competitive harm or that it is personal in nature is not sufficient. A claim that disclosure would violate the law or policy of a foreign country is not, in and of itself, sufficient to exempt information from disclosure. It must be demonstrated that disclosure would meet either the "substantial competitive harm" or "unwarranted invasion of personal privacy" tests.

Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential."

Applicant/Notificant should follow this same procedure on confidentiality with regard to filing any supplemental information to the application.

The Board will determine whether information submitted as confidential will be so regarded, and will advise Applicant/Notificant of any decision to make available to the public information labeled "Confidential." However, it shall be understood that, without prior notice to Applicant/Notificant, the Board may disclose or comment on any of the contents of the application in the Order or Statement issued by the Board in connection with its decision on the filing. The Board's staff normally will apprise Applicant/Notificant in the course of the applications process that such information may need to be disclosed in connection with the Board's action on the filing.

Supporting Information

The formal questions in the application are not intended to limit Applicant's presentation. Applicant bears the full burden of presenting and documenting a case to meet the statutory criteria for approval. Supporting information for any or all factors, setting forth the basis for Applicant's judgement may accompany the application.

Compliance

The Board expects Applicant/Notificant to comply with all representations and commitments made in its application. Applicant/Notificant should immediately contact the Federal Reserve if there is any material change in the information presented prior to the establishment of the office.

Insert 2

Confidentiality

Under the provisions of the Freedom of Information Act (the "FOIA"), 5 U.S.C. § 552, the application/notification is a public document and available to the public upon request. Once submitted, an application/notification becomes a record of the Board and may be requested by any member of the public. Board records generally must be disclosed unless they are determined to fall, in whole or in part, within the scope of one or more of the FOIA exemptions from disclosure. See 5 U.S.C. § 552(b)(1)-(9).

The exempt categories include (but are not limited to) "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (exemption 4), and information that, if disclosed, "would constitute a clearly unwarranted invasion of personal privacy" (exemption 6). An Applicant/Notificant may request confidential treatment for any information submitted in or in connection with its application/notification that Applicant/Notificant believes is exempt from disclosure under the FOIA. For example, if Applicant/Notificant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that of its subsidiaries, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested. Any request for confidential treatment must comply with the requirements of the Board's "Rules Regarding Availability of Information" (the "Board's Rules"), 12 CFR Part 261.

The request for confidential treatment must be submitted in writing concurrently with the filing of the application/notification (or subsequent related submission), and must discuss in detail the justification for confidential treatment. Such justification must be provided for each portion of the application/notification or submission for which confidential treatment is requested. Applicant's/Notificant's reasons for requesting confidentiality must specifically describe the harm that would result from public release of the information. A statement simply indicating that the information would result in competitive harm or that it is personal in nature is not sufficient. (A claim that disclosure would violate the law or policy of a foreign country is not, in and of itself, sufficient to exempt information from disclosure. Applicant/Notificant must demonstrate that disclosure would fall within the scope of one or more of the FOIA exemptions from disclosure.) Applicant/Notificant must follow the steps outlined immediately below, and certify in the application/notification that these steps have been followed. These same steps must be followed with respect to any subsequent submission related to this application/notification for which confidential treatment is sought.

Information for which confidential treatment is requested should be:

- (1) specifically identified in the public portion of the application/notification (by reference to the confidential section);
- (2) separately bound; and
- (3) labeled "CONFIDENTIAL."

This application/notification requires the submission of information to the Federal Reserve regarding individuals. The submission of information on individuals can raise privacy concerns. Some of the details provided may be highly sensitive. Under limited circumstances, the information may be subject to withholding from public disclosure under the FOIA.

Applicant/Notificant ultimately is responsible for taking appropriate measures to safeguard the confidentiality of information it provides to the Federal Reserve, including details regarding individuals.¹ The Federal Reserve expects Applicant/Notificant to ensure that it has the legal authority to provide information regarding individuals to the Federal Reserve Board and, on behalf of each individual, to consent or object to public release of the information.

Accordingly, Applicant/Notificant must confirm (on the cover sheet to this filing) that Applicant/Notificant has the authority (a) to provide information regarding individuals to the Federal Reserve, and (b) on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve will assume, in the absence of a request for confidential treatment submitted in accordance with the Board's Rules that the Applicant/Notificant and individual consent to public release of all details in the application/notification and in any related submissions containing information concerning that individual.

The Federal Reserve will determine whether information submitted as confidential will be so regarded, and will advise Applicant/Notificant of any decision to make available to the public information labeled "CONFIDENTIAL." However, it shall be understood that, without prior notice to Applicant/Notificant, the Board may disclose or comment on any of the contents of the application/notification in the Order or Statement issued by the Board in connection with its decision on the application/notification. The Board's staff normally will apprise Applicant/Notificant in the course of the review process that such information may need to be disclosed in connection with the Board's action on the application/notification.

For further information on the procedures for requesting confidential treatment and the Board's procedures for addressing such requests, consult the Board's Rules, including 12 CFR 261.15, which specifically addresses requests for confidential treatment.

¹ Individuals may be aware that an Applicant/Notificant is providing personal details regarding them to the Federal Reserve, but may not be aware that the information may become subject to a FOIA request and released to the public, or that there may be legal grounds to prevent such a release. It is the Applicant's/Notificant's responsibility to ensure that individuals are apprised of these consequences and to confirm that the individuals either do or do not wish to have the Applicant/Notificant request confidential treatment for information regarding them, in accordance with the Board's Rules.

Attachment A

- a. the name, location, and a detailed description of the activities of each such company;
- b. the specific section and paragraph of the Bank Holding Company Act (the "BHCA"), Regulation Y, or Regulation K that the Applicant believes provides authority for the acquisition or retention of each U.S. nonbanking activity and a description demonstrating that each activity will be conducted consistent with the Board's regulations and related interpretations. If the Applicant has relied on the nonbanking exemptions afforded by sections 2(h) and 4(c)(9) of the BHCA (as implemented by section 211.23 of Regulation K) for certain activities, provide the necessary information to support such a determination.

To the extent the information requested in this item has been provided to the Federal Reserve in other report forms (e.g., FR Y-7, FR Y-10F) filed with the Federal Reserve, Applicant may include such information by reference to those filings.

10. State whether the foreign bank Applicant and its ultimate parent, if any, upon establishment of the proposed branch, agency, or commercial lending company, each would be a qualifying foreign banking organization as defined in section 211.23(a) of Regulation K and provide the necessary information to support such a determination. If a foreign bank Applicant meets the requirements of section 211.23(a) but its ultimate parent does not, indicate whether the ultimate parent would satisfy the requirements set forth in section 211.23(c) of Regulation K, and provide the necessary information to support that determination. To the extent the information requested in this item has been provided in other report forms (FR Y-7) filed with the Federal Reserve, Applicant may include such information by reference to those filings.

II. The Proposed Office

11. Discuss the purpose(s) for establishing the proposed branch, agency, or commercial lending company. Describe the major types of business to be conducted and the major types of services to be offered, and note whether any existing business would be transferred to the proposed office. Applicant may

indicate any banking needs of the community that would be better served by establishment of the proposed office.

12. Provide estimated start-up costs and projected balance sheets and income statements for the proposed branch, agency, or commercial lending company for the first three years of operations. Include a summary of contingent liabilities for the proposed office for the first three years of operation, and estimate the number of employees planned for that period of time. Also include information on how the proposed office would be funded. State any assumptions made in formulating these projections.

13. Describe Applicant's intended procedures for exercising internal control over the proposed office. The response should identify reporting channels and reporting requirements (scope and frequency), and discuss the scope and frequency of internal audits. Applicant also should describe ~~measures to be taken to ensure that the proposed office is not used for illicit purposes, including money laundering and terrorist financing.~~ *procedures to be established to ensure and monitor compliance with the Bank Secrecy Act and related regulations.*

III. Financial Information ^{U.S.}

14. As described in the Filing Instructions to this form, provide the following financial information for Applicant and any parent foreign bank:
 - a. Parent-only and consolidated balance sheets, showing separately each principal group of assets, liabilities, and capital accounts as of the end of the most recent quarter and fiscal year-end. In addition, include information on contingent liabilities (i.e., standby and commercial letters of credit, guaranties, commitments to grant or purchase loans and securities, contracts to purchase/sell foreign exchange).
 - b. Parent-only and consolidated income statements showing separately each principal source of revenue and expense, through the end of the most recent quarter and for the past two fiscal years.
 - c. If Applicant or any parent foreign bank is from a country subscribing to the Basel Accord, provide, on a consolidated basis, a breakdown of each organization's risk-weighted assets as of the end of the most recent fiscal quarter, showing each

Attachment B

10. Indicate the total number of individuals to be employed in the proposed representative office for each of the first three years of operation.

11. Describe Applicant's intended procedures for exercising internal control over the proposed representative office. The response should identify reporting channels and reporting requirements (scope and frequency), and discuss the scope and frequency of internal audits. Applicant also should describe procedures to be established to ensure and monitor compliance with the Bank Secrecy Act and related U.S. regulations.

III. Financial Information

12. As described in the Filing Instructions to this form, provide the following financial information for Applicant and any parent foreign bank:

- a. Parent-only and consolidated balance sheets, showing separately each principal group of assets, liabilities, and capital accounts as of the end of the most recent quarter and fiscal year end. Include information on contingent liabilities, (i.e., standby and commercial letters of credit, guaranties, commitments to grant or purchase loans and securities, contracts to purchase/sell foreign exchange).
- b. Parent-only and consolidated income statements showing separately each principal source of revenue and expense, through the end of the most recent quarter and for the past two fiscal years.

Information on the compliance of Applicant and any foreign bank parent with home country capital standards and/or the Basel risk-based capital standards may be requested depending on the preliminary analysis of the capital position of Applicant and any foreign bank parent.

IV. Home Country Supervision

13. Briefly describe the bank regulatory system that exists in the home country of Applicant and, if different, the home country of any foreign bank in the ownership chain.⁸ Your response should identify

⁸ If the Federal Reserve has previously determined that another bank from Applicant's home country is subject to comprehensive consolidated supervision, Applicant may request a copy of the previous application from the Federal Reserve under the Freedom of Information Act. After reviewing the record in the previous application, Applicant may make a statement that it is subject to the same supervisory regime as the foreign bank previously considered by the Federal Reserve, rather than responding

Applicant's primary home country supervisor and the major laws governing Applicant's operations and activities. Your description also should include a discussion of each of the following:

- a. *The scope and frequency of on-site examinations by the home country supervisor.* Describe the scope and frequency of on-site examinations, identifying the operational areas reviewed and the general procedures used by the home country supervisor to evaluate asset quality and internal controls. Also, discuss the manner in which the home country supervisor monitors the condition and operations of Applicant's subsidiaries and foreign offices.
- b. *Off-site monitoring by the home country supervisor.* Discuss the general type and frequency of filing of regulatory and financial reports submitted by Applicant to the home country supervisor. Specify whether the reports contain information on the domestic and foreign subsidiaries of Applicant and, if so, whether this information is provided on a consolidated basis or for each entity separately.
- c. *The role of external auditors.* Discuss the general frequency, nature, and scope of review of Applicant (including subsidiaries and foreign offices) performed by external auditors, particularly with respect to the review of asset quality and internal controls. Discuss whether the home country supervisor sets standards for such reviews and the manner (if at all) by which the external audit results are communicated to the home country supervisor. Include a brief discussion of the general standards or requirements that apply to the external auditors themselves.
- d. *Other Applicable Prudential Requirements.* To the extent not previously addressed, describe any prudential limitations (e.g., with respect to capital adequacy, asset classification and provisioning, single or aggregate credit and foreign currency exposure limits, and liquidity) that are imposed on the operations of Applicant. Describe the

to each subpart of this question. In addition, Applicant should confirm that there have been no material changes in the manner in which Applicant is supervised and regulated by its home country supervisor(s) since that previous application or, if material changes have occurred, Applicant should describe such changes.