
Instructions for Preparation of FR Y-1f Application for a Foreign Organization to Become a Bank Holding Company

Purpose

This application collects data that are used to evaluate the present and pro forma ownership structure and financial condition of the applicant and its proposed subsidiary(ies), the home country supervisory regime, and the proposed transaction in terms of its effects on competition in the relevant market, and the convenience and needs of the public.

Who Must File This Application

Any company organized under the laws of a foreign country that is seeking initial entry into the United States through the acquisition of a domestic bank must file this application.

Nonbanking Activities

If Applicant proposes as part of this transaction to engage, directly or indirectly, in any nonbanking activity, Applicant must file a companion FR Y-4 application. See section 225.28 of Regulation Y for a listing of permissible nonbanking activities approved by regulation and section 225.24 for application procedures to engage in those and other nonbanking activities. See also Item 16 below.

Financial Holding Companies

If Applicant seeks to become a financial holding company in connection with the proposed transaction, it must submit the necessary written declaration as part of the FR Y-1f filing. The declaration must conform to Regulation Y (sections 225.81 and 225.82, or sections 225.90, 225.91, and 225.92, as appropriate). Applicant should contact the appropriate Reserve Bank for further information.

If the proposal involves a financial holding company that is seeking to acquire a depository institution that is not well capitalized or well managed, Applicant must contact the appropriate Reserve Bank regarding the development and execution of an agreement acceptable to the Federal Reserve. The agreement will outline the actions to be taken by Applicant to address the financial and/or managerial deficiencies of the depository institution, and any limitations on the activities of Applicant until those deficiencies are satisfactorily addressed. The agreement must be executed prior to or upon consummation of the proposed transaction.

Tiered Applicant Organizations

In tiered organizations that consist of more than one foreign bank applicant, each parent foreign bank of the foreign bank applicant must respond individually to Items 6 (internal controls), 7 (financial information), 8 and 9 (home country supervision), and 10 (anti-money laundering measures). If an applicant organization within the structure is not a foreign bank, it should consult with the appropriate Reserve Bank regarding the financial and managerial information that should be provided.

Preparation of Application

Inquiries concerning the preparation and filing of this application should be directed to the appropriate Federal Reserve Bank, as defined in section 225.3(b) of Regulation Y.

The required application is to be filed by submitting the information requested in this form to the appropriate Reserve Bank. Alternative formats, if used, must provide all requested information. The application must be substantially complete and responsive to each item of information requested (including an indication that the answer is “not applicable” or “none” where such is the case) in order to be considered properly filed.

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The appropriate Reserve Bank, within the established time limitations, will review the submitted application to determine if it is substantially complete. If so, an acknowledgement letter will be sent indicating the date that the application has been formally accepted for processing. If not, the application will be returned to the Applicant. As necessary to complete the record of the application, a request for additional information will be sent to the contact person named in the application. Under certain circumstances, name check and financial information may be required. Contact the appropriate Reserve Bank for further information.

The Federal Reserve reserves the right to require the filing of additional statements and information. If any information initially furnished in the application changes significantly during processing of the application, such changes should be communicated promptly to the appropriate Reserve Bank.

Publication Requirement

Pursuant to Section 262.3(b)(1) of the Board's Rules of Procedure, Applicant should publish a notice in a newspaper of general circulation in the community in which BANK's head office is located. The notice should contain the name and address of Applicant and BANK, the subject matter of the application, and an invitation to the public to give written comments upon the application to the appropriate Reserve Bank no later than 30 calendar days after the date of publication of the notice. The newspaper notice must be published no more than 15 calendar days before and no later than 7 calendar days after the date that the application is filed with the appropriate Reserve Bank. On written request by the Applicant, the Reserve Bank may publish notice of proposals in the Federal Register no more than 15 calendar days before the application is filed.

Following is a sample notice.

Notice of Application
(Bank Holding Company Formation)
(Name and Address of Applicant)

intends to apply to the Federal Reserve Board for permission to acquire ____ percent of (Name and address of BANK). The Federal Reserve considers a number of factors in deciding whether to approve the application,

including how the proposal would meet local credit needs.

You are invited to submit comments on this application, in writing, to the Federal Reserve Bank of (name and address of appropriate Reserve Bank). The comment period will not end before (date—must be no less than 30 days from date of publication of the notice), and may be somewhat longer. The Federal Reserve Board's Policy Statement regarding notice of application may be found at 12 C.F.R. 262.25. To obtain a copy of the Federal Reserve Board's procedures, or if you need more information about how to submit your comments on the application, contact the Federal Reserve Bank of (name of the Reserve Bank, name of contact, and telephone number). The Federal Reserve will consider your comments and any request for a hearing on the application if they are received by the Federal Reserve Bank of (name of Reserve Bank) on or before the last day of the comment period.

Confidentiality

Under the provisions of the Freedom of Information Act, the application is a public document and available to the public upon request.

If Applicant 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.

Applicant's 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

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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 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 of any decision to make available to the public information labeled “Confidential.” However, it shall be understood that, without prior notice to Applicant, 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 application. The Board’s staff normally will apprise Applicant in the course of the applications process that such information may need to be disclosed in connection with the Board’s action on the application.

Preliminary Charter Approval

If a proposed new operating bank is involved, Applicant should have received at least preliminary approval of the charter before filing this application in final form. Applicant should contact the appropriate Reserve Bank during the preliminary charter process regarding the application to be filed.

Supporting Information

The formal questions in the application are not intended to limit Applicant’s presentation. Applicant bears the full burden for 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 judgment, may accompany the application.

Compliance

The Board expects Applicant to comply with all representations and commitments made in this application. Applicant should immediately contact the Federal Reserve if there is any material change in the information contained in the application prior to consummation.

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I. BANK and Proposed Transaction

Item 1

Provide the following with respect to BANK:

- a. Total number of shares of each class of stock outstanding;
- b. Number of shares of each class now owned or under option by Applicant, by subsidiaries of Applicant, by principals¹ of Applicant, by trustees for the benefit of Applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by Applicant;
- c. Number of shares of each class to be acquired by cash purchase, the amount proposed to be paid, per share and in total, and the source of funds to be applied to the purchase;
- d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of Applicant’s shares to be exchanged;
- e. Copy of any existing or proposed contract or agreement that in any manner limits the ability of individuals associated with BANK to compete with BANK, Applicant or its subsidiaries. Discuss the purpose of and the reasonableness of such an arrangement with respect to duration, geographic area and the institutions involved; and
- f. A brief description of any unusual contractual terms, emphasizing those terms not disclosed elsewhere in the application. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application.

Item 2

Provide the amount of any dividend payment by BANK since the date of the most recent report of condition and

1. The term principal as used herein means any individual or corporation that (1) owns, directly or indirectly, 10 percent or more of the outstanding shares of any class; (2) is a director, trustee, partner, or executive officer; or (3) with or without ownership interest, participates, or has the authority to participate in major policy-making functions, whether or not the individual has an official title or is serving without compensation. If Applicant believes that any such individual should not be regarded as a principal, Applicant should so indicate and give reasons.

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report of income filed with a federal supervisory authority and the amount of any BANK dividends planned prior to consummation.

Item 3

Provide for Applicant and BANK a list of principals (include changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:

- a. Name and address (City and State/Country). If the principal's country of citizenship is different from his country of residence, then state the country of citizenship;
- b. Titles or positions with Applicant and BANK;
- c. Principal occupation if other than with Applicant or BANK; and
- d. Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository organization.² Give the name and location of the other depository organization. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)

Item 4

If BANK is a proposed new operating bank, provide the following:

- a. Status of request for federal deposit insurance if BANK is to operate as a state nonmember bank;
- b. Estimates of major categories of assets, deposits, and capital accounts that are projected for BANK for the end of each of the first three years of operations. Explain methods and assumptions used in pro forma statements; and
- c. Estimates of major categories of income and expense, and net earnings or losses for each of the first three years of BANK's operations. Explain methods and assessments used in pro forma statements.

2. "Depository organization" means a commercial bank (including a private bank), a savings bank, a trust company, a savings and loan association, a homestead association, a cooperative bank, an industrial bank, a credit union, or a depository holding company.

II. Operations, Structure, and Ownership of Applicant

Item 5

- a. Discuss whether Applicant engages directly in the business of banking outside the United States. In this regard, Applicant should address whether it engages directly in banking activities usual in connection with the business of banking in the countries in which it is organized or operating.
- b. Provide a brief history of Applicant, including ranking by asset size in the home country.
- c. Provide a brief summary of Applicant's experience in international banking. The discussion should include a general description of the volume and character of Applicant's current international business and the location, number, and asset size of direct offices overseas.
- d. Provide an organization chart for Applicant and its ultimate parent, if any, showing all subsidiaries of Applicant and its ultimate parent.³
- e. Provide the name, asset size, general activities, place of incorporation, and ownership share held by Applicant for each of Applicant's direct and indirect subsidiaries that comprise 1 percent or more of the Applicant's worldwide consolidated assets.
- f. List all persons (natural as well as legal) in the upstream chain of ownership of Applicant who, directly or indirectly, own 5 percent or more of the voting shares of Applicant and its ultimate parent, if any. Provide information concerning any voting agreements or other mechanisms that exist among shareholders for the exercise of control over Applicant or its ultimate parent.
- g. For the two individuals with the most senior decision-making authority for Applicant, provide the biographical information requested in the Interagency Biographical and Financial Report FR 2081c (the

3. The "ultimate parent" of a foreign bank is the parent of the foreign bank that is not a subsidiary of any other company. A "subsidiary" is any organization 25 percent or more of whose voting shares is directly or indirectly owned, controlled, or held with the power to vote by a company, including a foreign bank or foreign banking organization, or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization.

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financial information requested on pages 5–9 need not be provided). This information may be submitted in advance of the application.

- h. Provide for Applicant and BANK copies of their most recent quarterly and annual reports prepared for shareholders.

Item 6

Describe the methods used by Applicant to monitor and control its operations, including those of its domestic and foreign subsidiaries and offices (e.g., through internal reports and internal audits). Note the scope and frequency of those methods and whether the methods are subject to review by external auditors and/or the home country supervisor. Also, state whether audit results are shared with the home country supervisor and/or Applicant's external auditors.

III. Financial and Managerial Information

The financial statements should be stated in the local currency of the country in which the head office of Applicant is located. The financial statements may also be stated in U.S. dollars, but conversion to U.S. dollars is not required. The statements should be prepared in accordance with local accounting practices; however, an explanation of the accounting terminology and the major features of the accounting standards used in the preparation of the financial statements must be provided. This explanation should include a discussion of the following practices and any other material practices as determined by the Applicant:

- The accounting principles used for consolidation of investments on a line-by-line basis in the preparation of the financial statements. Comments should address the method and/or criteria by which the majority-owned companies are consolidated on a line-by-line basis, and the basis for carrying value and manner of income recognition of any majority-owned subsidiaries that are not consolidated on a line-by-line basis. The method of valuation of the investments in which Applicant owns between 20 percent and 50 percent, i.e., historical cost, net asset value (book value), market value, or appraised value, and the manner of the recognition of income should be included.
- The accounting practices used in the valuation, e.g., historical cost, net asset value (book value), market

value, or appraised value, of short-term investments, long-term investments, and fixed assets. Comments should disclose the manner of the recognition of increases and/or decreases in the value of the assets.

- The recording of guarantees, letters of credit, contingencies, leases, pension obligations, and other similar accounts on the books of Applicant. The explanation should indicate whether such accounts are carried as assets and/or liabilities on Applicant's financial statements, are disclosed as footnotes to the financial statements, or are undisclosed.
- The method utilized in translating foreign currency transactions and foreign currency financial statements with respect to current assets, long-term investments, fixed assets, long-term debt, and forward exchange contracts. The discussion should also include the method of recognition of any gains or losses resulting from such translation and the effect of the translation upon the recognition of revenue and expense and the determination of net income.
- The method by which interest revenue and interest expenses are recorded on the books of Applicant.

Item 7

Provide the following for each Applicant:

- 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 fiscal quarter and the two (2) most recent fiscal year-ends; debit and credit adjustments (explained by footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet.

NOTE: Goodwill and all other intangible assets should be set out separately on the balance sheet according to type of intangible. Also indicate the amortization period for any amortizable intangible asset on the balance sheet.

- b. If the Applicant and any parent foreign bank are from countries 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 principal group of on- and off-balance sheet assets and the relevant risk weights. Also, identify the components of tier 1 and tier 2 capital under the Basel risk-based capital

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guidelines and provide calculations of the ratios of tier 1 and total capital to risk-weighted assets for the Applicant and any parent foreign bank. Provide the amount, maturity, and a brief description of debt instruments and indicate which instruments qualify under the Basel risk-based capital guidelines as tier 2 capital for each organization. If the home country capital standards of the Applicant or any parent foreign bank differ from that established under the Basel Accord, provide information concerning the capital standard applied in the home country of the Applicant and any parent foreign bank, as well as information sufficient to evaluate each organization's capital position adjusted as appropriate for accounting and structural differences. Further, provide, to the extent possible, information comparable to the Basel format.

- c. Income statements, parent-only and consolidated, showing separately each principal source of revenue and expense, through the end of the most recent fiscal quarter and for the past two (2) fiscal years.
- d. Material changes between the date of the balance sheets and the date of the application should be disclosed. If there are no material changes, a statement to that effect should be made.
- e. Current information that will enable the Board to make a judgment as to the quality of Applicant's assets. The information should be presented for Applicant's consolidated organization and, if available, should include, but need not be limited to, the following (Applicant should provide definitions of the terms.):
 - i. Asset classifications or assessments made by foreign banking authorities;
 - ii. Delinquencies;
 - iii. Non-accrual loans;
 - iv. Assets acquired in satisfaction of debts previously contracted;
 - v. Loans with reduced interest charges; and
 - vi. Foregone interest income on non-accrual and reduced interest loans.
- f. Total reserves available to cover credit-related losses for the end of the most recent quarter end and the two most recent fiscal year ends. The total reserve amounts

should be broken down into "specific" "general," and/or other relevant categories.

IV. Home Country Supervision

In order to approve an application by a foreign bank to become a bank holding company, the Board must determine that the Applicant and any parent foreign bank are each subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the home country of each bank. The Board considers this standard met if the foreign bank's home country supervisor receives sufficient information on the foreign bank's worldwide operations (including the bank's relationships to any affiliates) to assess the foreign bank's overall financial condition and compliance with law and regulation. In making such a determination, the Board assesses, among other factors, the extent to which the home country supervisor:

- ensures that the foreign bank has adequate procedures for monitoring and controlling its activities worldwide;
- obtains information on the condition of the foreign bank and its subsidiaries and offices outside the home country through regular reports of examination, audit reports, or otherwise;
- obtains information on the dealings and relationship between the foreign bank and its affiliates, both foreign and domestic;
- receives from the foreign bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the foreign bank's financial condition on a worldwide, consolidated basis; and
- evaluates prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

Item 8

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.⁴

4. 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 for-

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Your response should identify 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. *Transactions with Affiliates.* Indicate whether (and, if so, discuss how) the home country supervisor regulates and monitors Applicant's transactions with its affiliates (e.g., through reporting requirements, lending limits, or other restrictions). Define the home country's definition of "affiliate" for this purpose (if different from the Federal Reserve's definition⁵),

eign bank previously considered by the Federal Reserve, rather than responding to each subpart of this Item. 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.

5. An "affiliate" of a foreign bank or of a parent of a foreign bank is any company that controls, or is controlled by, or is under common control with, the foreign bank or the parent of the foreign bank.

and specify whether any such restrictions apply to "upstream," "downstream," or "sister" affiliates.

- e. *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 methods used by the home country supervisor to monitor compliance with these limitations.
- f. *Remedial Authority of the Home Country Supervisor.* Describe the general methods available to the home country supervisor to enforce Applicant's compliance with prudential controls and other supervisory or regulatory requirements.
- g. *Prior approval requirements.* Indicate whether prior approval of the home country supervisor is needed for Applicant to make investments in other companies, or generally to establish overseas offices. Indicate the type of information the home country supervisor reviews in making its determination.

Item 9

Indicate what other regulatory authorities, if any, in addition to the primary home country supervisor, supervise subsidiaries or particular activities of Applicant. Briefly describe the financial and/or examination requirements, including the general scope and frequency of on-site examinations, if any, of each such regulatory authority. Also, discuss whether such regulatory authorities exchange information with the primary home country supervisor, including financial or other supervisory information.

V. Anti-Money Laundering and Other Related Measures

Item 10

- a. Describe any home country laws or regulations that are designed to deter or prohibit money laundering, terrorist financing, or other illicit activities. Also, describe the requirements that Applicant's (and any foreign bank parent's) home country supervisor imposes on banks for the detection and prevention of money laundering, terrorist financing, and other

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illicit activities, and the reporting of suspicious transactions.

- b. Discuss the actions taken by Applicant (and any foreign bank parent) to ensure that the bank and its offices and subsidiaries have implemented sufficient safeguards to prevent such operations from being used for purposes of money laundering, terrorist financing, or other illicit activities. The response should describe:
- i. the policies and procedures implemented with respect to anti-money laundering policies and measures, including any customer due diligence, recordkeeping, and cash and/or suspicious transaction reporting requirements;
 - ii. the steps taken to ensure compliance with these policies and procedures (including the nature and frequency of employee training and compliance monitoring by internal auditors); and
 - iii. the extent to which these policies and procedures are subject to independent external audit and examination by the home country supervisor.

The response should indicate whether the financial institution-specific recommendations of the Financial Action Task Force (“FATF”) have been implemented throughout the organization.⁶ The response also should confirm (or modify as appropriate) that the anti-money laundering policies and procedures would be implemented at BANK.

VI. Competition and Convenience and Needs

If the subject transaction involves only one BANK and no principal of Applicant or BANK is a principal of any other depository organization, then do not respond to Item 11; go directly to Item 12. If the formation involves two or more BANKS or if a principal of Applicant or BANK is also a principal of another depository organization, then Applicant should contact the appropriate Reserve Bank to determine whether a response to Item 11 is necessary. If a response is required, Applicant should obtain a preliminary definition of the relevant banking market(s) from the Reserve Bank. If Applicant disagrees materially with the Reserve Bank’s prelim-

6. These recommendations can be obtained from the following web site: <http://www.oecd.org/fatf/index.htm>.

inary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Federal Reserve Bank’s definition of the banking market(s), include its own definition of the banking market(s), with supporting data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, Applicant will be so informed.

Item 11

Discuss the effects of the proposed transaction on competition considering the Board’s horizontal merger guidelines. Applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or non-banking company constitutes part of this proposal, discuss in detail the specifics and timing of the divestiture.

Item 12

Describe how the proposal will meet the convenience and needs of BANK’s community(ies). List any significant changes in services or products that will result from consummation of the transaction. If any services or products will be discontinued, describe and explain the reasons.

Discuss the programs, products, and activities of BANK that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. If an insured U.S. branch of Applicant or if BANK has received a CRA composite rating of “needs to improve” or “substantial noncompliance” institution-wide or, where applicable, in a state or multi-state MSA, or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution’s CRA performance record since the rating.

VII. Other Matters

Item 13

List all jurisdictions (in addition to the home country) in

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which Applicant has material operations.⁷ For each such jurisdiction, describe any secrecy laws or other impediments that would restrict the ability of Applicant or its ultimate parent, if any, from providing information on the operations or activities of Applicant and any of its affiliates that the Board deems necessary to determine and enforce compliance with the International Banking Act, the BHCA, and other applicable federal laws. If any material impediments exist, discuss the manner in which Applicant and its ultimate parent, if any, propose to provide the Board with adequate assurances of access to information.

Item 14

State whether Applicant(s), upon consummation of the subject proposal, 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. In tiered organizations, if a foreign bank Applicant meets the requirements of section 211.23(a) but the ultimate parent Applicant does not, then indicate whether the ultimate parent Applicant 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(s) may include such information by reference to those filings.

Item 15

If Applicant's home country maintains capital export controls, discuss in detail the limitations such controls would place on Applicant's ability to serve as a source of strength for its United States banking interests.

Item 16

If Applicant itself, or any company (banking and non-banking) in which it will have direct or indirect ownership or control of more than 5 percent of the voting shares, will engage directly or indirectly at the time of consummation of this proposal in any nonbanking activities in the United States, provide the following:

7. Material operations exist in any jurisdiction in which the direct and indirect activities in that jurisdiction, in the aggregate, account for 5 percent or more of the consolidated, worldwide assets of the foreign bank or its ultimate parent.

- a. Name, location, and a detailed description of all the activities for each company (or Applicant itself);
- b. The state(s) or geographical areas in which each non-banking activity will be performed; and
- c. The specific section and paragraph of the Act or of Regulation K or Regulation Y that Applicant believes provides authority for acquisition or retention of each U.S. nonbanking activity and a description that demonstrates that each activity will be conducted consistent with the Board's regulations and related interpretations. If Applicant has relied on the nonbanking exemptions afforded by Section 2(h) and 4(c)(9) of the Act (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 Item 16 has been provided to the Federal Reserve in other report forms (Form FR Y-7 or FR Y-10F), Applicant may include such information by reference to those filings.

Item 17

Applicant and its ultimate parent, if any, should provide (jointly or separately) the following commitments (including all footnotes) through an officer that is authorized to bind the entity making the commitment.

- a. *Assurances Commitment.* Each of [name of applicant] ("Bank"), a bank organized under the laws of [home country], and [name of ultimate parent] ("Parent"), a [company/bank] organized under the laws of [home country], will make available to the Board of Governors of the Federal Reserve System ("Board") such information on the operations of Bank and any affiliate⁸ of Bank that the Board deems necessary to determine and enforce compliance with the Bank Holding Company Act, the International Banking Act, and other applicable federal law, provided that if the disclosure of such information is prohibited by law or otherwise, Bank and Parent will cooperate with the Board including, without limitation, by seeking to obtain timely waivers of or exemptions from any applicable confidentiality or secrecy restrictions or

8. An "affiliate" of a foreign bank or a parent of a foreign bank is any company that controls, is controlled by, or is under common control with, the foreign bank or the parent of the foreign bank. See 12 C.F.R. § 211.21.

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requirements in order to enable Bank or Parent to make any such information available to the Board.

- b. *Consent To Jurisdiction.* Each of [name of applicant] (“Bank”), a bank organized under the laws of [home country], and [name of ultimate parent] (“Parent”), a [company/bank] organized under the laws of [home country], consents to the jurisdiction of the federal courts of the United States and of all United States governmental agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the Board of Governors of the Federal Reserve System (“Board”), and any other United States governmental agency, department or division, in any matter arising under U.S. Banking Law.⁹

9. For purposes of this commitment, “U.S. Banking Law” means:

1. all federal and state statutes, rules, and regulations that the Board, the Office of the Comptroller of the Currency (the “OCC”), the Federal Deposit Insurance Corporation (the “FDIC”), or any other federal banking agency or department (individually, a “Federal Banking Authority” and collectively, the “Federal Banking Authorities”) administers or for which such Federal Banking Authority has rulemaking or enforcement authority, including without limitation, all provisions of Title 12, United States Code, as from time to time may be applicable to [Bank], its subsidiaries and affiliates, and any institution-affiliated party (as defined in section 3(u) of the Federal Deposit Insurance Act (an “IAP”)) of each thereof;

Each of Bank and Parent designates [name and address] as its registered agent to receive service of process on Bank or Parent in connection with such action. Bank and Parent agree to maintain a registered agent in the United States and to notify the Board of any change in the designated registered agent.

2. all federal criminal laws of which violation(s) arise(s):
 - a. from the applicability of any provision of a U.S. Banking Law, or
 - b. under Section 1001 of Title 18 of the United States Code as it relates to information, statements, omissions, writings, or reports to a Federal Banking Authority, or
 - c. under Sections 1004 through 1007 of Title 18 of the United States Code, or any other provisions of Title 18 of the United States Code applicable to the ownership, control, operations or activities of a bank, bank holding company, or subsidiary thereof, to the operations or activities of a foreign bank or a branch or agency of a foreign bank, or to the activities of any IAP with respect to such bank, bank holding company, or subsidiary, or branch or agency, or
 - d. the Bank Secrecy Act, or the Currency and Foreign Transactions Reporting Act; and,
3. any order issued or written agreement entered into by any Federal Banking Authority or an administrative law judge acting under authority delegated by any Federal Banking Authority or federal court of competent jurisdiction pursuant to a U.S. Banking Law against or with one or more of [Bank or Parent], any subsidiary or affiliate, any IAP, or any branch or agency.