

FEDERAL RESERVE SYSTEM

DekaBank Deutsche Girozentrale  
Frankfurt am Main, Germany

Order Approving Establishment of a Representative Office

DekaBank Deutsche Girozentrale (“Bank”), Frankfurt am Main, Germany, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA<sup>1</sup> to establish a representative office in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York (*The New York Times*, October 3, 2007). The time for filing comments has expired, and all comments received have been considered.

Bank, with total consolidated assets of approximately \$198 billion,<sup>2</sup> is the eighteenth largest bank in Germany by asset size. Bank engages in wholesale banking and investment fund activities and provides investment fund management services to German savings banks and other financial service providers. Outside Germany, Bank has subsidiaries in Luxembourg, Switzerland, Ireland, and Grand Cayman and representative offices in Italy and Spain.

Deutscher Sparkassen- und Giroverband ö.K. (“DSGV”), Bonn, Germany, owns 50 percent of Bank.<sup>3</sup> GLB GmbH & Co OHG (“GLB”), Frankfurt am Main, owns

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<sup>1</sup> 12 U.S.C. § 3107(a).

<sup>2</sup> Unless otherwise indicated, data are as of September 30, 2008.

<sup>3</sup> The twelve shareholders of DSGV, all of which are German regional savings banks associations, exercise their voting rights directly in Bank in proportion to their participation in DSGV. The seven savings banks associations that own an interest of 5 percent or more in DSGV are Sparkassenverband Baden-Württemberg, Rheinischer Sparkassen- und Giroverband, Westfälisch-Lippischer Sparkassen- und Giroverband,

49.2 percent of Bank. The remaining shares of Bank are owned by Niedersächsische Bank GmbH (“Nieba”).

Landesbank Baden-Württemberg (“LBBW”), Stuttgart, Germany, owns 30.05 percent of GLB.<sup>4</sup> LBBW is one of the largest savings banks in Germany. In the United States it operates through a New York branch and nonbanking subsidiaries. Both LBBW and its parent, SBW, are treated as financial holding companies. Norddeutsche Landesbank Girozentrale, directly and through its subsidiaries, Bremer Landesbank Kreditanstalt Oldenburg-Girozentrale and Nieba, controls 19.22 percent of GLB.<sup>5</sup>

The proposed representative office would market real estate credit and loan products on behalf of the Bank’s head office in Germany. The office would perform representational and administrative functions, such as acting as a liaison between Bank’s offices outside the United States and correspondent banks in the United States, and would engage in market research, business solicitation, loan production, and relationship-management activities.<sup>6</sup>

In acting on an application under the IBA and Regulation K by a foreign bank to establish a representative office, the Board shall take into account whether the foreign bank and any parent foreign bank directly engages in the business of banking

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Sparkassen- und Giroverband Hessen-Thüringen, Sparkassenverband Bayern, Sparkassenverband Niedersachsen, and Sparkassen- und Giroverband Rheinland-Pfalz.

<sup>4</sup> Sparkassenverband Baden-Württemberg (“SBW”), Stuttgart, owns 35.61 percent of LBBW.

<sup>5</sup> Other shareholders that own an interest of more than 5 percent in GLB are HSH Nordbank AG, WestLB AG, Landesbank Hessen-Thüringen Girozentrale, and Bayerische Landesbank.

<sup>6</sup> A representative office may engage in representational and administrative functions in connection with the banking activities of the foreign bank, including soliciting new business for the foreign bank, conducting research, acting as a liaison between the foreign bank’s head office and customers in the United States, performing preliminary and servicing steps in connection with lending, and performing back-office functions. A representative office may not contract for any deposit or deposit-like liability, lend money, or engage in any other banking activity. 12 CFR 211.24(d)(1).

outside of the United States and whether the foreign bank has furnished to the Board the information it needs to assess the application adequately.<sup>7</sup> The Board shall also take into account whether the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their home country supervisor.<sup>8</sup> The Board also considers additional standards set forth in the IBA and Regulation K.<sup>9</sup>

As noted above, Bank and its parent bank, LBBW, engage directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by home country authorities, the Board previously has determined that LBBW's predecessor, Südwestdeutsche Landesbank Girozentrale, was subject to comprehensive consolidated supervision and regulation in

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<sup>7</sup> 12 U.S.C. § 3107(a)(2).

<sup>8</sup> Id.; 12 CFR 211.24(d)(2). In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

<sup>9</sup> See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3). These standards include: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank's record of operation.

connection with its application to establish a branch office in the United States.<sup>10</sup> In addition, the Board has determined that other German banks are subject to home country supervision on a consolidated basis by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”), the primary regulator of commercial banks in Germany.<sup>11</sup> Bank is supervised by BaFin on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is, and LBBW continues to be, subject to comprehensive supervision and regulation on a consolidated basis by their home country supervisor.

The additional standards set forth in section 7 of the IBA and Regulation K have also been taken into account.<sup>12</sup> BaFin has no objection to the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration its record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are consistent with approval. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Germany is a member of the Financial Action Task Force (“FATF”) and subscribes to its recommendations on measures to combat money laundering. In accordance with these recommendations, Germany has enacted laws and created legislative and regulatory standards to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Germany, and credit institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations.

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<sup>10</sup> See Südwestdeutsche Landesbank Girozentrale, 83 Federal Reserve Bulletin 937 (1997).

<sup>11</sup> See e.g., Deutsche Genossenschafts-Hypothekenbank AG, 92 Federal Reserve Bulletin C61 (2006).

<sup>12</sup> See supra note 9.

Bank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money laundering compliance.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank, GLB, and DSGVO have committed to make available to the Board such information on the operations of Bank and any of its affiliates as the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank, GLB, and DSGVO have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, BaFin may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank, GLB, and DSGVO have provided adequate assurances of access to any necessary information that the Board may request.

On the basis of the foregoing and all the facts of record, and subject to the commitments made by Bank, GLB, and DSGVO, and the terms and conditions set forth in this order, Bank's application to establish the representative office is hereby approved.<sup>13</sup> Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct and indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the conditions imposed in this order and the

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<sup>13</sup> Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. See 12 CFR 265.7(d)(12).

commitments made to the Board in connection with this application.<sup>14</sup> For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its finding and decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board, effective January 13, 2009.

(SIGNED)

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>14</sup> The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York or its agent, the New York State Banking Department, to license the proposed office of Bank in accordance with any terms or conditions that it may impose.