

Board of Governors of the Federal Reserve System

## International Applications and Prior Notifications under Subpart B of Regulation K—FR K-2

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)).

Legal Name of Applicant or Notificant	Hereby applies to the Board to:
Street	establish a branch, agency, or commercial lending company in the United States pursuant to section 211.24(a)(1) of Regulation K
City State / Province eCountry	establish a representative office in the United States pursuant to section 211.24(a)(1) of Regulation K
Intended Location of Proposed Office	or provides notice to:
City State	<input type="checkbox"/> establish a branch, agency, or commercial lending company in the United States pursuant to section 211.24(a)(2)(i)(A) of Regulation K
	<input type="checkbox"/> establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(1) of Regulation K
	<input type="checkbox"/> establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(2) of Regulation K
	<input type="checkbox"/> establish a representative office in the United States pursuant to section 211.24(a)(2)(i)(B)(3) of Regulation K
	<p>Does <del>the Applicant</del> or <del>Notificant</del> request confidential treatment for any portion of this submission?</p> <p><input type="checkbox"/> Yes</p> <p style="margin-left: 20px;"><input type="checkbox"/> As required by the instructions, a letter justifying the request for confidential treatment is included.</p> <p style="margin-left: 20px;"><input type="checkbox"/> The information for which confidential treatment is being sought is separately bound and labeled "Confidential."</p> <p><input type="checkbox"/> No</p>

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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, 20th and C Streets, NW, Washington, DC 20551, and Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

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## 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 U.S.C. §§ 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 C.F.R. § 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.

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

_____ Name	_____ Name
_____ Title	_____ Title
_____ Address	_____ Address
_____ City State Zip Code	_____ City State Zip Code
_____ Area Code / Phone Number Country	_____ Area Code / Phone Number Country
_____ E-mail Address	_____ E-mail Address
_____ Signature of Chief Executive Officer or Designee	_____ Date of Application

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## Instructions for Preparation of FR K-2

### Who Must Complete and File This Form

Any foreign bank seeking to establish a branch, agency, commercial lending company,<sup>1</sup> or representative office in the United States. Under certain circumstances, a representative office may be established without filing a prior notification or application with the Federal Reserve.

The application form contains the following attachments:

Attachment A—Information Requested in Connection with Applications by Foreign Banks to Establish Branches, Agencies, or Commercial Lending Companies in the United States (section 211.24(a)(1) of Regulation K).

Attachment B—Information Requested in Connection with Applications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(1) of Regulation K).

Attachment C—Information Requested in Connection with Notifications by Foreign Banks to Establish Branches, Agencies, or Commercial Lending Companies in the United States (section 211.24(a)(2)(i)(A) of Regulation K).

Attachment D—Information Requested in Connection with Notifications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(2)(i)(B)(1)–(3) of Regulation K).

Attachment E—Commitments Required in Connection with Applications and Notifications by Foreign Banks to Establish Branches, Agencies, Commercial Lending Companies, or Representative Offices in the United States.

### Completion of the Form

Inquiries concerning the preparation and filing of this form should be directed to the appropriate Reserve Bank, as defined in section 211.21(c) of Regulation K. The required form is to be filed by submitting the information requested in the appropriate attachment to the appropriate Reserve Bank. Applicants are strongly encouraged to submit their applications electronically through the Federal Reserve System's web-based application (E-Apps).<sup>2</sup> Additional information on E-Apps may be found on the Board's public website. Alternative formats, if used, must provide all requested information. The application and notification 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. The appropriate Reserve Bank, concurrently with Board staff, will review the submitted form to determine if it is substantially complete. As necessary to complete the record of the application and notification, a request for

<sup>1</sup> A foreign banking organization seeking approval to establish a commercial lending company also must have or obtain authority under section 4(c)(8) of the Bank Holding Company Act and Regulation Y to engage in the nonbanking activities of the commercial lending company.

additional information will be sent to the contact person named in the form.

The Federal Reserve reserves the right to require the filing of additional statements and information. If any information initially furnished in the application and notification changes significantly during processing of the application and notification, such changes should be communicated promptly to the ~~Federal appropriate Reserve Bank. Under certain circumstances, name check and financial information related to individuals involved in a proposed transaction may be required. Such information for individuals should be submitted on the Interagency Biographical and Financial Report (FR 2081c; OMB No. 7100-0134), and may be submitted in advance of the application.~~<sup>3</sup> ~~Name check information may be required.~~ Contact the appropriate Reserve Bank for further information.

Information already provided in applications filed with state or federal bank regulatory authorities or otherwise previously provided to the Federal Reserve may be used to meet the information requirements of the FR K-2.

### Financial Holding Companies

If ~~the Applicant~~ seeks to become a financial holding company in connection with the establishment of the office, it ~~should~~must submit the necessary written declaration as part of the FR K-2 filing. The declaration must conform to section 4(l) of the BHC Act and Regulation Y (sections 225.81 and 225.82, or sections 225.90, 225.91, and 225.92, as appropriate). ~~The Applicant~~ should contact the appropriate Reserve Bank and consult the Board's public website for further information.

### Access to Information and Consents to Jurisdiction Commitments

~~A~~The applicant and its ultimate parent (as defined in 12 C.F.R. § 211.21.(u)), if any, should provide (jointly and separately) the commitments contained in Attachment E through an officer that is authorized to bind the entity making the commitment. The commitments should be provided in the exact form provided (including all footnote references).

### Tiered Applicant Organizations

In tiered organizations, the applicant should consult with the appropriate Reserve Bank regarding the financial, managerial, and operational information that should be provided. Generally, that consist of more than one foreign bank, each parent foreign bank of the applicant foreign bank must respond individually to the items related to internal controls, financial information, home-country supervision, and anti-money- laundering and other related measures.

An organization not already having such authority may incorporate a request for the authority into the filing made under FBSEA.

<sup>2</sup> The application may alternatively be submitted in paper form.

<sup>3</sup> See SR 15-8 Name Check Process for Domestic and International Applications.

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## Financial Information

The financial statements should be stated in the local currency of the country in which the head office of [the Applicant/notificant](#) 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/notificant](#):

- The accounting principles used for consolidation of investments on a line-by-line basis in the preparation of financial statements. Comments should address the criteria by which 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 investments in which the [Applicant/notificant](#) holds an ownership interest of between 20 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. (Separate financial statements may be required for any majority-owned subsidiary and any 20 percent to 50 percent owned company controlled by the [Applicant/notificant](#) that is not consolidated on a line-by-line basis, but only if the or company equal more than 5 percent of the [Applicant's/notificant's](#) consolidated assets).
- 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 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 the [Applicant/notificant](#) and any parent foreign bank. Comments should indicate whether such accounts are carried as assets and/or liabilities on the [Applicant's/notificant's](#) financial statements, are disclosed as footnotes to the financial statements, or are undisclosed.
- The method used 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. Comments should 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 expense are recorded on the books of the [Applicant/notificant](#).

## Home-Country Supervision

In order to approve an application [or act on a notification](#), by a foreign bank to establish a branch, agency, or commercial lending company in the United States, the Federal Reserve ordinarily seeks to determine that the [Applicant/notificant](#) and any parent

foreign bank are subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the home country of each bank. The Federal Reserve 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 Federal Reserve 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.

Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996, which was enacted on September 30, 1996, the Federal Reserve may approve an application [or not object to a notification](#), to establish a branch or agency subject to certain conditions even if the Federal Reserve is unable to find that the foreign bank is subject to comprehensive consolidated supervision. Specifically, the Federal Reserve may approve an application [or not object to a notification](#), by such foreign bank if (i) the appropriate authorities in the home country of such foreign bank are working to establish arrangements for the consolidated supervision of such bank; and (ii) all other factors are consistent with approval. In deciding whether to use its discretion with respect to a determination concerning comprehensive consolidated supervision, the Federal Reserve also considers the extent to which the foreign bank has adopted and implemented procedures to combat money laundering. The Federal Reserve also takes into account the extent to which the home country of the foreign bank has developed a legal regime to address money laundering or is participating in multilateral efforts to combat money laundering.

In evaluating a [filing-application](#) to establish a representative office, the Federal Reserve takes into account the standards that apply to the establishment of branches and agencies, but a finding of comprehensive consolidated supervision is not required. With respect to supervision by home-country authorities, a foreign bank that proposes to establish a representative office must be subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities and the operating record of the [applicant/notificant](#). Among the factors the Federal Reserve may consider are the extent to which there is:

- regular review of a substantial portion of the bank's operations by the home-country supervisor through examination, review of external audits, or a comparable method;
- submission of periodic reports relating to financial performance; and
- assurance that the bank itself has a system of internal monitoring and control that enable bank management to administer properly the bank's operations.

## Publication Requirement

The Applicant/and-Notifican~~t~~ is required to publish notice of its proposal in a newspaper of general circulation in the community in which the office is proposed to be located. A copy of the standard form of notice prescribed by the Board is set forth below. Proof of publication of the notice should be submitted when available.

## Newspaper Notice

Notification is hereby given by [NAME OF APPLICANT/NOTIFICANT, CITY, COUNTRY] that an [APPLICATION/NOTIFICATION] has been filed with the Federal Reserve Board to establish a [BRANCH, AGENCY, COMMERCIAL LENDING COMPANY, REPRESENTATIVE OFFICE] at [ADDRESS], pursuant to the International Banking Act of 1978.

Interested parties may submit written comments on the filing to [NAME AND TITLE OF APPROPRIATE OFFICER], Federal Reserve Bank of [CITY, ADDRESS]. The 30-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

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 The Applicant/and-Notifican~~<sup>4</sup> Applicant/and-Notifican~~t~~ may request confidential treatment for

any information submitted in or in connection with its application/notification that ~~the Applicant/and-Notifican~~<sup>4</sup> Applicant/and-Notifican~~t~~ believes is exempt from disclosure under the FOIA. For example, if ~~the Applicant/and-Notifican~~<sup>4</sup> Applicant/and-Notifican~~t~~ 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 C.F.R. § Part 264.~~

The request for confidential treatment must be submitted in writing concurrently with the filing of the application/notification (or subsequent related submissions), and must discuss in detail the justification for confidential treatment. Such justification must be provided for each portion of the application/notification (or ~~related~~ submissions) for which confidential treatment is requested. ~~The Applicant's/Notifican~~<sup>4</sup> Applicant's/Notifican~~t~~'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. ~~In addition, (A) 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. The Applicant/and-Notifican~~<sup>4</sup> Applicant/and-Notifican~~t~~ must demonstrate that disclosure would fall within the scope of one or more of the FOIA exemptions from disclosure.) ~~The Applicant/and-Notifican~~<sup>4</sup> Applicant/and-Notifican~~t~~ must follow the steps outlined immediately below, and certify in the application/notification (or ~~related submissions~~) 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 and Notifican~~<sup>4</sup> Applicant and Notifican~~t~~ ultimately is responsible for taking appropriate measures to safeguard the confidentiality of information it provides to the Federal Reserve, including details regarding ~~individuals.~~<sup>4</sup> With respect to applications/notifications that include information regarding an individual or individuals associated with the proposed transaction, the Board expects the applicant to certify that

~~release. It is the Applicant's/Notifican~~<sup>4</sup> Applicant's/Notifican~~t~~'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 and Notifican~~t~~

<sup>4</sup> Individuals may be aware that an Applicant and Notifican~~t~~ 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

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~~it has obtained the consent of the individual(s) to public release of such information prior to its submission to the Board or, in the absence of such consent, to submit (or ensure that the individual(s) submit(s)) a timely request for confidential treatment of the information in accordance with these instructions. Information submitted directly by an individual or individuals will become part of the relevant application/notification record, and, accordingly, will be a Board record subject to being requested by any member of the public under the FOIA. The Federal Reserve expects Applicant and 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 and Notificant must confirm (on the cover sheet to this filing) that Applicant and 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 ~~the Applicant/ and Notificant~~ of any decision to make available to the public information labeled "CONFIDENTIAL." However, it shall be understood that, without prior notice to ~~the 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 ~~the Applicant/ and 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 C.F.R. § 261.15, which ~~specifically addresses~~ governs requests for confidential treatment.

## Supporting Information

~~The Federal Reserve specifically reserves the right to require the filing of additional statements and information.~~ The formal questions in the application/notification are not intended to limit ~~an Applicant's/notificant's~~ presentation. ~~The Applicant/notificant~~ 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 ~~the Applicant's/notificant's~~ judgment may accompany the application/notification.

## Compliance

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

~~request confidential treatment for information regarding them, in accordance with the Board's Rules.~~

## Attachment A

Information Requested in Connection with Applications by Foreign Banks to Establish Branches, Agencies, and Commercial Lending Companies in the United States (section 211.24(a)(1) of Regulation K)

### I. Operations, Structure, and Ownership of Applicant

1. Discuss whether the Applicant engages directly in the business of banking outside the United States. In this regard, the 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 operates.
2. Provide a copy of the Applicant's most recent annual report to shareholders and a brief history of the Applicant, including ranking by asset size in the home country.
3. Provide a brief summary of the Applicant's experience in international banking. The discussion should include a general description of the volume and character of the Applicant's current international business and the location, number, and asset size of direct offices overseas.
4. Provide an organization chart for the Applicant and its ultimate parent,<sup>5</sup> if any, showing all subsidiaries of the Applicant and its ultimate parent. Include the place of incorporation for all subsidiaries.
5. Provide the name, asset size, general activities, and ownership share held by the Applicant for each of the Applicant's direct and indirect subsidiaries that comprise 1 percent or more of Applicant's worldwide consolidated assets.
6. List all persons (natural as well as legal) in the upstream chain of ownership of the Applicant who, directly or indirectly, own 5 percent or more of the voting shares of the 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 the Applicant or its ultimate parent.
7. Provide the following information on the two individuals with the most senior decision making authority for the Applicant and any foreign bank parent, and for the manager of the proposed U.S. office:
  - a. Titles or positions with the Applicant and/or parent bank; and
  - b. The biographical information requested in the Interagency Biographical and Financial Report FR 2081c (the Financial Report need not be provided). This information may be submitted in advance of the application.
8. Describe the methods used by the 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 internal audit results are shared with the home country supervisor and/or the Applicant's external auditors.

9. If the Applicant, its ultimate parent, or any company (banking or nonbanking) in which it has 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:
  - 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 "BHC Act"), 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 BHC 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 this item has been provided to the Federal Reserve in other report forms (e.g., FR Y-7, FR Y-10) filed with the Federal Reserve, the 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, the Applicant may include such information by reference to those filings.

<sup>5</sup> The "ultimate parent" of a foreign bank is the parent of the foreign bank that is not the subsidiary of any other company. A "parent" of a foreign bank is any company of which the foreign bank is a subsidiary. A "subsidiary" of a foreign bank is defined as any organization 25 percent or more of whose voting shares are directly or indirectly owned, controlled, or held with the

power to vote by a company or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization.

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## 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. The 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 the 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. The 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

14. As described in the Filing Instructions to this form, provide the following financial information for the 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 fiscal quarter and for the past two (2) fiscal years.
  - c. If the Applicant or any parent foreign bank is from a country subscribing to the Basel Accord, indicate the approach (standardized or advanced) followed by the applicant or any parent foreign bank for calculating risk-weighted assets. 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

common equity tier 1, additional tier 1, and tier 2 capital pursuant to under the Basel risk-based capital adequacy regulations, guidelines, and provide calculations of the common equity tier 1 capital, and total capital and leverage ratios to risk-weighted assets for the Applicant and any parent foreign bank. If applicable, provide (i) the capital measure used as numerator and the exposure measure used as denominator in the calculation of the Basel III leverage ratio, (ii) the minimum home country leverage ratio if the home country supervisor has established a leverage ratio separate from or in addition to the Basel III leverage ratio, and (iii) supplementary leverage ratios for each organization pursuant to the home country capital adequacy guidelines. The capital ratios should reflect both the minimum capital requirements and all applicable capital buffers. 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 standard for the Applicant or any parent foreign bank differs from thatose established under the Basel Accord, provide information regarding the capital standard applied in the home country of the Applicant or any parent foreign bank, as well as information sufficient to evaluate the capital position adjusted as appropriate for accounting and structural differences. ~~Further, provide, to the extent possible, information comparable to the Basel format.~~

- d. Current information that will enable the Federal Reserve to make a judgment as to the quality of the Applicant's assets. The information should be presented for the Applicant's consolidated organization. If consolidated figures are not available, indicate what portion of the Applicant's consolidated assets is not reflected in the response. The response should include, but need not be limited to, the following (the Applicant should provide definitions of the terms):
  - i. Asset classifications or assessments made by foreign banking authorities;
  - ii. Delinquencies;
  - iii. Nonaccrual loans;
  - iv. Assets acquired in satisfaction of debts previously contracted;
  - v. Loans with reduced interest charges, or otherwise restructured; and
  - vi. Foregone interest income on non-accrual and reduced interest loans.
- e. Total reserves available to cover credit-related losses for ~~the end of~~ the most recent fiscal quarter and fiscal year ends. The total amounts should be broken down into "specific," "general," and/or other relevant categories.



## IV. Home-Country Supervision

15. Describe the bank regulatory system that exists in the home country of the Applicant and, if different, the home country of any foreign bank in the ownership chain.<sup>6</sup> Your response should identify the Applicant's primary home-country supervisor and the major laws governing the 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 the 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 the Applicant to the home-country supervisor. Specify whether the reports contain information on the domestic and foreign subsidiaries of the 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 the 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 the 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 definition),<sup>7</sup> 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 the 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 the 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 the 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.

16. Indicate what other domestic regulatory authorities, if any, in addition to the primary home-country supervisor, supervise subsidiaries or particular activities of the 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

17. 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 the Applicant's (and any parent foreign bank's) home-country supervisor imposes on banks for the detection and prevention of money laundering, terrorist financing, and other illicit activities, and the reporting of suspicious transactions.

18. Discuss the actions taken by the Applicant (and any parent foreign bank) to ensure that the bank and its offices and subsidiaries have implemented sufficient safeguards to prevent such operations from being used for purposes of

Applicant is supervised and regulated by its home-country supervisor since that previous application or, if material changes have occurred, the Applicant should describe such changes.

<sup>7</sup> An "affiliate" of a foreign bank or of a parent of a foreign bank means any company that controls, or is controlled by, or is under common control with, the foreign bank or the parent of the foreign bank.

<sup>6</sup> If the Federal Reserve has previously determined that another bank from the Applicant's home country is subject to comprehensive consolidated supervision, the 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, the 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 to each subpart of this question. In addition, the Applicant should confirm that there have been no material changes in the manner in which the

# DRAFT

money laundering, terrorist financing, or other illicit activities. The response should describe:

- a. The ~~anti-money-laundering~~ 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;
- b. 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
- c. 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.<sup>8</sup> The response also should confirm (or modify as appropriate) that the anti-money-laundering and counterterrorist financing policies and procedures would be implemented at the proposed U.S. office.

## VI. Miscellaneous

19. List all jurisdictions (in addition to the home country) in which the Applicant has material operations.<sup>9</sup> For each such jurisdiction, describe any secrecy laws or other impediments that would restrict the ability of the Applicant or its ultimate

parent, if any, from providing information on the operations or activities of the Applicant and any of its affiliates that the Board deems necessary to determine and enforce compliance with the International Banking Act, the BHC Act, and other applicable federal laws. If any material impediments exist, discuss the manner in which the Applicant and its ultimate parent, if any, propose to provide the Board with adequate assurances of access to information.

20. Discuss the status of any other regulatory filings required to be made in connection with the Applicant's proposal to establish an office, and indicate when action on such filings is expected.
21. Provide a statement from the home-country supervisor of the Applicant that the Applicant is duly organized, licensed as a bank, and in good standing, and such supervisor consents to establishment of the proposed office.
22. The Applicant and its ultimate parent, if any, should provide (jointly and separately) the commitments contained in Attachment E through an officer that is authorized to bind the entity making the commitment. The commitments should be provided in the exact form provided (including all footnote references).
23. Proof of newspaper publication should be provided when available.

percent or more of the consolidated, worldwide assets of the foreign bank or its ultimate parent.

<sup>8</sup> These recommendations can be obtained from the following website: <http://www.eeed.org/fatf-gafi.org/topics/fatfrecommendations>.

<sup>9</sup> Material operations exist in any jurisdiction in which the direct and indirect activities in that jurisdiction, in the aggregate, account for 5

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## Attachment B

Information Requested in Connection with Applications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(1) of Regulation K)

### I. Operations, Structure, and Ownership of Applicant

1. Discuss whether the Applicant engages directly in the business of banking outside the United States. In this regard, the 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 operates.
2. Provide a copy of the Applicant's most recent annual report to shareholders and a brief history of the Applicant, including ranking by asset size in the home country.
3. Provide a brief summary of the Applicant's experience in international banking. The discussion should include a general description of the volume and character of the Applicant's current international business and the location, number, and asset size of direct offices overseas.
4. Provide an organization chart for the Applicant and its ultimate parent,<sup>10</sup> if any, showing all subsidiaries of the Applicant and its ultimate parent. Include the place of incorporation for all subsidiaries.
5. Provide the name, asset size, general activities, and ownership share held by the Applicant for each of the Applicant's direct and indirect subsidiaries that comprise 1 percent or more of Applicant's worldwide consolidated assets.
6. List all persons (natural as well as legal) in the upstream chain of ownership of the Applicant who, directly or indirectly, own 5 percent or more of the voting shares of the 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 the Applicant or its ultimate parent.
7. Provide the following information on the individual with the most senior decision making authority for the Applicant and any foreign bank parent, and for the manager of the proposed U.S. office:
  - a. Titles or positions with the Applicant and/or any foreign parent bank; and
  - b. The biographical information requested in the Interagency Biographical and Financial Report FR 2081c (the Financial Report need not be provided). This information may be submitted in advance of the application.
8. Describe the methods used by the 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 internal audit results are shared with the home country supervisor and/or the Applicant's external auditors.

### II. The Proposed Office

9. Describe the types of activities to be conducted in the proposed representative office. Provide projected expense items for the proposed office for the first three years of operation.
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 the 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. The 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 the 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 fiscal quarter and for the past two (2) fiscal years.

Information on the compliance of the 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 the Applicant and any foreign bank parent.

<sup>10</sup> The "ultimate parent" of a foreign bank is the parent of the foreign bank that is not the subsidiary of any other company. A "parent" of a foreign bank is any company of which the foreign bank is a subsidiary. A "subsidiary" of a foreign bank is defined as any organization 25 percent or more of whose voting shares are directly or indirectly owned, controlled, or held with the

power to vote by a company or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization.

## Attachment B—Continued

### IV. Home-Country Supervision

13. Briefly describe the bank regulatory system that exists in the home country of the Applicant and, if different, the home country of any foreign bank in the ownership chain.<sup>11</sup> Your response should identify the Applicant's primary home-country supervisor and the major laws governing the Applicant's operations and activities. Your description also should include a discussion of each of the following:
- 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 the Applicant's subsidiaries and foreign offices.
  - Off-site monitoring by the home-country supervisor.* Discuss the general type and frequency of filing of regulatory and financial reports submitted by the Applicant to the home country supervisor. Specify whether the reports contain information on the domestic and foreign subsidiaries of the Applicant and, if so, whether this information is provided on a consolidated basis or for each entity separately.
  - The role of external auditors.* Discuss the general frequency, nature, and scope of review of the 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.
  - 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 the Applicant. Describe the methods used by the home-country supervisor to monitor compliance with these limitations.

### V. Anti-Money-Laundering and Other Related Measures

14. 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 the Applicant's (and any parent foreign bank's) home country supervisor imposes on banks for the detection and prevention of money laundering, terrorist financing, and other illicit activities, and the reporting of suspicious transactions.
15. Discuss the actions taken by the Applicant (and any parent foreign bank) 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:
- 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;
  - 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
  - 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.<sup>12</sup> The response also should confirm (or modify as appropriate) that the anti-money-laundering and counterterrorist financing policies and procedures would be implemented at the proposed U.S. office.

### VI. Miscellaneous

16. List all jurisdictions (in addition to the home country) in which the Applicant has material operations.<sup>13</sup> For each such jurisdiction, describe any secrecy laws or other impediments that would restrict the ability of the Applicant or its ultimate parent, if any, from providing information on the operations or activities of the Applicant and any of its

<sup>11</sup> If the Federal Reserve has previously determined that another bank from the Applicant's home country is subject to comprehensive consolidated supervision, the 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, the 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 to each subpart of this question. In addition, the Applicant should confirm that there have been no material changes in the manner in which the Applicant is supervised and regulated by its home-country supervisor(s)

since that previous application or, if material changes have occurred, the Applicant should describe such changes.

<sup>12</sup> These recommendations can be obtained from the following website: <http://www.eeod.org/fatf-gafi.org/topics/fatfrecommendations>

<sup>13</sup> 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.

# DRAFT

## Attachment B—Continued

- affiliates that the Federal reserve deems necessary to determine and enforce compliance with the International Banking Act, the BHC Act, and other applicable federal laws. If any material impediments exist, discuss the manner in which the Applicant and its ultimate parent, if any, propose to provide the Board with adequate assurances of access to information.
17. Discuss the status of any other regulatory filings required to be made in connection with the Applicant's proposal to establish an office, and indicate when action on such filings is expected.
  18. Provide a statement from the home-country supervisor of the Applicant that the Applicant is duly organized, licensed as a bank, and in good standing, and such supervisor consents to establishment of the proposed office.
  19. The Applicant and its ultimate parent, if any, should provide (jointly and separately) the commitments contained in Attachment E through an officer that is authorized to bind the entity making the commitment. The commitments should be provided in the exact form provided (including all footnote references).
  20. Proof of newspaper publication should be provided when available.

# DRAFT

## Attachment C

Information Requested in Connection with Notifications by Foreign Banks to Establish Branches, Agencies, and Commercial Lending Companies in the United States (section 211.24(a)(2)(i)(A) of Regulation K)

### I. Operations, Structure, and Ownership of Notificant

1. Provide current information on the Notificant's ranking by asset size in the home country.
2. Provide current information regarding all persons (natural as well as legal) in the upstream chain of ownership of the Notificant who, directly or indirectly, own 5 percent or more of the voting shares of the Notificant 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 the Notificant or its ultimate parent.
3. Confirm (or modify as appropriate) that there have been no material changes in the methods used by the Notificant to monitor and control its operations, including those of its domestic and foreign subsidiaries, since the Federal Reserve's most recent determination that the Notificant is subject to comprehensive consolidated supervision.

### II. The Proposed Office

4. 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. Provide estimated start-up costs and projected balance sheets and income statements for the first three years of operations.
5. Provide the following information on the manager of the proposed U.S. office:
  - a. titles or positions with the notifiApplicant and/or parent bank; and
  - b. the biographical information requested in the Interagency Biographical and Financial Report FR 2081c (the Financial Report need not be provided). This information may be submitted in advance of the appnotification.
6. Confirm (or modify as appropriate) that the Notificant would monitor and control the operations of the proposed office in the same manner as it monitors and controls its existing U.S. offices. In addition, confirm (or modify as appropriate) that the Notificant would apply to the proposed office the same policies and procedures, including those pertaining to anti-money laundering, as are in effect at its existing U.S. offices.

### III. Financial Information

7. Provide the following financial information for the Notificant 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 fiscal quarter capital

~~accounts as of the end of the most recent quarter~~ and fiscal year. 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 fiscal quarter and for the past two fiscal years.
- c. If the Notificant or any parent foreign bank is from a country subscribing to the Basel Accord, indicate the approach (standardized or advanced) followed by the notificant or any parent foreign bank for calculating risk-weighted assets. 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 common equity tier 1, additional tier 1, and tier 2 capital pursuant to under the Basel risk-based capital adequacy regulations, guidelines, and provide calculations of ~~the~~common equity tier 1 capital, ratios of tier 1 capital, and total capital and leverage ratios to risk-weighted assets for the Notificant and any parent foreign bank. If applicable, provide (i) the capital measure used as numerator and the exposure measure used as denominator in the calculation of the Basel III leverage ratio, (ii) the minimum home country leverage ratio if the home country supervisor has established a leverage ratio separate from or in addition to the Basel III leverage ratio, and (iii) supplementary leverage ratios for each organization pursuant to the home country capital adequacy guidelines. The capital ratios should reflect both the minimum capital requirements and all applicable capital buffers. 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 standard of the Notificant or any parent foreign bank differs from ~~that~~ose established under the Basel Accord, provide information regarding the capital standard applied in the home country of the Notificant or any parent foreign bank, as well as information sufficient to evaluate the capital position adjusted, as appropriate, for accounting and structural differences. ~~Further, provide, to the extent possible, information comparable to the Basel format.~~

- d. Current information that will enable the Federal Reserve to make a judgment as to the quality of the Notificant's assets. The information should be presented for the Notificant's consolidated organization. If consolidated figures are not available, indicate what portion of the Notificant's consolidated assets is not reflected in the response. The response should

## Attachment C—Continued

- e. include, but need not be limited to, the following (the Notificant should provide definitions of the terms):
- Asset classifications or assessments made by foreign banking authorities;
  - Delinquencies;
  - Nonaccrual loans;
  - Assets acquired in satisfaction of debts previously contracted;
  - Loans with reduced interest charges, or otherwise restructured, and
  - Foregone interest income on non-accrual and reduced interest loans.
- ef. Total reserves available to cover credit-related losses for the end of the most recent fiscal quarter and fiscal year. The total amounts should be broken down into "specific," "general," and/or other relevant categories.

### IV. Home-Country Supervision

8. Provide the date of the Federal Reserve's most recent determination that the Notificant is subject to comprehensive consolidated supervision. Confirm (or modify as appropriate) that there have been no material changes in the manner in which the Notificant is supervised and regulated by its home-country supervisor(s) since that time.

### V. Anti-Money-Laundering and Other Related Measures

9. Indicate whether there have been any material changes in either the anti-money-laundering or counterterrorist financing

laws and regulations of the home country of the Notificant or in the Notificant's anti-money-laundering or counterterrorist financing policies and procedures, since the Federal Reserve's most recent review of such matters.

### VI. Miscellaneous

10. Indicate whether there have been any changes to the list of jurisdictions in which the Notificant has material operations since such information was previously provided to the Federal Reserve.<sup>14</sup> For any additional such jurisdiction, describe any secrecy laws or other impediments that would restrict the ability of the Notificant or its ultimate parent, if any, to provide information on the operations or activities of the Notificant and any of its affiliates that the Federal Reserve deems necessary to determine and enforce compliance with the International Banking Act, the BHC Act, and other applicable federal laws. If such impediments exist, discuss the manner in which the Notificant and its ultimate parent, if any, proposed to provide the Federal Reserve with adequate assurance of access to such information.
11. Discuss the status of any other regulatory filings required to be made in connection with the Notificant's proposal to establish an office, and indicate when action on such filings is expected.
12. Provide a statement from the home-country supervisor of the Notificant that the foreign bank is duly organized, licensed as a bank, and in good standing, and such supervisor consents to establishment of the proposed office.
13. Proof of newspaper publication should be provided when available.

<sup>14</sup> 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.

# DRAFT

## Attachment D

Information Requested in Connection with Notifications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(2)(i)(B)(1)–(3) of Regulation K)

Report need not be provided). This information may be submitted in advance of the [application](#).

### I. Operations, Structure, and Ownership of Notificant

1. Provide a copy of [the N](#)otificant's most recent annual report to shareholders and current information on [the N](#)otificant's ranking by asset size in the home country.
2. Provide information on the volume and character of the [N](#)otificant's current international business and the location, number, and asset size of direct offices overseas.
3. Provide a current organization chart for the [N](#)otificant and its ultimate parent, if any, showing all subsidiaries of the Notificant and its ultimate parent.<sup>15</sup> Include the place of incorporation for all subsidiaries.
4. List all persons (natural as well as legal) in the upstream chain of ownership of the [N](#)otificant who, directly or indirectly, own 5 percent or more of the voting shares of the [N](#)otificant 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 the [N](#)otificant or its ultimate parent.
5. If the Federal Reserve has not previously approved an application from [the N](#)otificant to establish an office in the United States, provide the information requested in Item 8 of Attachment B to the FR K-2. If the Federal Reserve previously has approved an application by [the N](#)otificant to establish a U.S. office, confirm (or modify as appropriate) that there have been no material changes in the methods used by [the N](#)otificant to monitor and control its operations, including those of its domestic and foreign subsidiaries, since that time.
6. If not previously provided to the Federal Reserve, provide the following information on the individual with the most senior decisionmaking authority for [the N](#)otificant and for the manager of the proposed U.S. office:
  - a. titles or positions with [the N](#)otificant; and
  - b. the biographical information requested in the Interagency Biographical and Financial Report FR 2081c (the Financial

### II. The Proposed Office

7. Describe the types of activities to be conducted in the proposed representative office. Provide projected expense items for the proposed office for the first three years of operation.
8. Indicate the total number of individuals to be employed in the proposed representative office for each of the first three years of operation.
9. Confirm (or modify as appropriate) that [the N](#)otificant would monitor and control the operations of the proposed office in the same manner as it monitors and controls its existing U.S. offices. In addition, confirm (or modify as appropriate) that [the N](#)otificant would apply to the proposed office the same policies and procedures, including those pertaining to anti money-laundering, as are in effect at its existing U.S. offices.

### III. Financial Information

10. Provide the following financial information for [the N](#)otificant and any foreign bank parent:
  - 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 year and most recent quarter.
  - b. Parent-only and consolidated income statements showing separately each principal source of revenue and expense, through the end of the most recent [fiscal](#) quarter and for the past two fiscal years. Information on [the N](#)otificant's compliance 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 [the N](#)otificant and any foreign bank parent.

<sup>15</sup> The "ultimate parent" of a foreign bank is the parent of the foreign bank that is not the subsidiary of any other company. A "parent" of a foreign bank is any company of which the foreign bank is a subsidiary. A "subsidiary" of a foreign bank is defined as any organization 25 percent or more of whose voting shares are directly or indirectly owned, controlled, or

held with the power to vote by a company or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization.



## Attachment D—Continued

### IV. Home-Country Supervision

11. If the Federal Reserve has not previously approved an application from the Nnotificant to establish an office in the United States, provide the information requested in Item 13 of Attachment B to the FR K-2. If the Federal Reserve has previously approved an application from the Nnotificant to establish a U.S. office, provide the date of such approval and confirm (or modify as appropriate) that there have been no material changes in the manner in which the Nnotificant is supervised and regulated by its home-country supervisors since the time of the Federal Reserve's approval.

### V. Anti-Money-Laundering and Other Related Measures

12. If the Federal Reserve has not previously approved an application by the Nnotificant or any other bank from the Nnotificant's home country to establish a U.S. branch, agency, or representative office, provide the information requested in Item 14 of Attachment B to the FR K-2. If the Federal Reserve has not previously approved an application by the Nnotificant to establish a U.S. branch, agency, or representative office, provide the information requested in Item 15 of Attachment B to the FR K-2. If the Federal Reserve has previously approved an application by the Nnotificant to establish a U.S. office, indicate whether there have been any material changes in either the anti-money-laundering or counterterrorist financing laws and regulations of the home country of the Nnotificant or in the Nnotificant's anti-money-laundering or counterterrorist financing policies and procedures, since such information was last considered by the Federal Reserve.

### VI. Miscellaneous

13. List all jurisdictions (in addition to the home country) in which the Nnotificant has material operations.<sup>16</sup> (If the Nnotificant previously has submitted this information to the Federal Reserve, the Nnotificant may indicate whether there have been any changes since that time to the applicable list of jurisdictions). For any such jurisdictions (or, if appropriate, additional such jurisdictions), describe any secrecy laws or other impediments that would restrict the ability of the Nnotificant or its ultimate parent, if any, to provide information on the operations or activities of the Nnotificant and any of its affiliates that the Federal Reserve deems necessary to determine and enforce compliance with the International Banking Act, the BHC Act, and other applicable federal laws. If such impediments exist, discuss the manner in which the Nnotificant and its ultimate parent, if any, propose to provide the Federal Reserve with adequate assurance of access to such information.
14. Discuss the status of any other regulatory filings required to be made in connection with the Nnotificant's proposal to establish a representative office, and indicate when action on such filings is expected.
15. Provide a statement from the home-country supervisor of the Nnotificant that the foreign bank is duly organized, licensed as a bank, and in good standing, and such supervisor consents to establishment of the proposed representative office.
16. If not previously provided to the Federal Reserve, the Nnotificant and its ultimate parent, if any, should provide (jointly and separately) the commitments contained in Attachment E through an officer that is authorized to bind the entity making the commitment. The commitments should be provided in the exact form provided (including all footnote references).
17. Proof of newspaper publication should be provided when available.

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<sup>16</sup> 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.

# DRAFT

## Attachment E

Commitments Required in Connection with Applications and Notifications by Foreign Banks to Establish Branches, Agencies, Commercial Lending Companies, or Representative Offices in the United States

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

1. *Assurances commitment.* Each of [name of the applicant/notificant] ("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 affiliate<sup>14</sup> 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 requirements in order to enable Bank or Parent to make any such information available to the Board. Bank and Parent agree that this commitment is deemed to be a condition imposed in writing in connection with the Board's findings and decision on (*insert information describing the application*) and, as such, may be enforced in proceedings under applicable law.

2. *Consent to jurisdiction.* Each of [name of the applicant/notificant] ("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.<sup>15</sup>

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. Bank and Parent agree that this commitment is deemed to be a condition imposed in writing in connection with the Board's findings and decision on (*insert information describing the application*) and, as such, may be enforced in proceedings under applicable law.

14. 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.

15. For purposes of this commitment, "U.S. Banking Law" means

- (a) 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;
- (b) all federal criminal laws of which violation(s) arise(s)
  - i. from the applicability of any provision of a U.S. Banking Law, or
  - ii. 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
  - iii. 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,~~
- (c) 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; and
- (d) the Bank Secrecy Act, or the Currency and Foreign Transactions Reporting Act,