

## Board of Governors of the Federal Reserve System



# International Applications and Prior Notifications under Subparts A and C of Regulation K—FR K-1

## General Information and Instructions

The following material has been prepared to assist in preparation of applications and prior notifications relating to international operations under the Board's Regulation K. An applicant/notificant should consult the Board's Regulation K (12 CFR Part 211), a copy of which is available on the Board's public website or from any Reserve Bank. Additional filing information is also available on the Board's public website. Checklists are attached providing the types of information that will normally be required. Some of the items may not be applicable to a particular proposal. Applications and notifications that, in the judgment of the Reserve Bank, do not contain a substantial amount of the information specified in the checklists will be returned to the applicant/notificant for resubmission. An applicant/notificant may submit a pre-filing before filing a formal application/notification.<sup>1</sup>

Applications and notifications should be addressed to the Board of Governors of the Federal Reserve System ("Federal Reserve") and are to be submitted to the Federal Reserve Bank of the District in which the parent company is located or, if none, the District in which the applying organization is or will be located (the "appropriate Reserve Bank"). Inquiries regarding the preparation and filing of applications and notifications should be directed 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. Submissions may be in letter form, or by cover letter accompanied by a memorandum containing the required information. Prior consultations with the appropriate Reserve Bank, and, if necessary, the Board's staff, are suggested to resolve questions or to assure that applications and notifications for proposed Edge corporations or investments or branches with unusual characteristics are properly filed. Information regarding investments must be maintained and made available to examination staff upon request. Branch openings, closings, and relocations must be reported after the fact on the Report of Organizational Structure (FR Y-10; OMB No. 7100-0297) in accordance with the instructions for that form.

During processing of the application or notification, if there are any material changes to the information initially furnished in the application or notification, these changes should be communicated promptly to the appropriate Reserve Bank.

With respect to matters requiring the publication of notice in a newspaper of general circulation, an affidavit of publication should

1. See SR letter 12-12 on the Board's public website.  
2. The application may alternatively be submitted in paper form.

either accompany the application or notice, or should be provided as soon as possible after filing.

Attachment A should be used in filing 30-day prior notifications to establish initial foreign branches. Attachment B should be used for prior notifications by banking organizations that already operate branches in two or more foreign countries to establish branches in additional foreign countries pursuant to the 12 business days prior notification procedures.

For all applications or notifications filed pursuant to this form FR K-1, the following certification is required.

## 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 any information pertaining to an individual and submitted to the 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 Board and to consent or object to public release of such information. I certify that the applicant/notificant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant/notificant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

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

## General Information and Instructions—Continued

### 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). The applicant/notificant may request confidential treatment for any information submitted in or in connection with its application/notification that applicant/notificant believes is exempt from disclosure under the FOIA. For example, if the applicant/notificant is of the opinion that disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that of its subsidiaries, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested.

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/notificant's reasons for requesting confidentiality must specifically describe the harm that would result from public release of the information. A statement simply indicating that the information would result in competitive harm or that it is personal in nature is not sufficient. In addition, 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/

notificant must demonstrate that disclosure would fall within the scope of one or more of the FOIA exemptions from disclosure. The applicant/notificant must follow the steps outlined immediately below, and certify in the application/notification (or related submissions) that these steps have been followed.

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."

With respect to applications/notifications that include information regarding an individual or individuals associated with the proposed transaction, the Board expects the applicant/notificant to certify that 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 will determine whether information submitted as confidential will be so regarded, and will advise the applicant/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/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 Regarding Availability of Information, 12 C.F.R. Part 261, including 12 C.F.R. § 261.15, which governs requests for confidential treatment.

## Attachments

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The section numbers cited below are references to Regulation K (12 C.F.R. § 211).

Attachment A—Information Required in

1. Notification to Establish Initial Foreign Branches by Member Banks, Edge Corporations, or Foreign Subsidiaries (Section 211.3(b)(2))
2. Application for Branches to Engage in New Activities (Section 211.4(b))

Attachment B—Notification to Establish Additional Foreign Branches of Member Banks, Edge Corporations, or Foreign Subsidiaries (Section 211.3(b)(3))

Attachment C—Information Required in\*

1. Application to Establish an Edge Corporation (Section 211.5)
2. Application for Edge Corporations to Engage in Certain Domestic Activities (Section 211.6(b))
3. Application to Acquire Edge Corporations by Foreign Controlled Institutions or Application to Change Control of Edge Corporations by Foreign Controlled Institutions (Sections 211.5(d) and 211.5(e)(1), respectively)

Attachment D—Model Articles of Association for an Edge Corporation (Section 211.5)

Attachment E—Model Organization Certificate for an Edge Corporation (Section 211.5)

Attachment F—Notification to Establish Domestic Branches of an Edge Corporation (Section 211.5(f))

Attachment G—Application to Amend Articles of Association of an Edge Corporation (Section 211.5(c))

Attachment H—Information Required in

1. Application to Invest in Other Foreign Organizations for Member Banks, Edge or Agreement Corporations, and Bank Holding Companies (Sections 211.4(a)(8) and 211.9(g))
2. Application to Engage in New Foreign Activities by Member Banks, Edge or Agreement Corporations, and Bank Holding Companies (Section 211.10(c))

Attachment I—Notification to Invest in Other Foreign Organizations for Member Banks, Edge and Agreement Corporations, and Bank Holding Companies (Section 211.9(f))

Attachment J—Application to Invest in Excess of Ten Percent of Capital and Surplus in Edge Corporations (Section 211.5(h))

Attachment K—Notification to Establish an Export Trading Companies (Section 211.34)

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\*For purposes of this Attachment C, the term "agreement corporation" may be used interchangeably with the term "Edge Corporation." The applicants to establish agreement corporations may obtain a copy of the form agreement by contacting Federal Reserve staff.

## Attachment A

### Information Required in

1. Notification to Establish Initial Foreign Branches by Member Banks, Edge Corporations, or Foreign Subsidiaries (Section 211.3(b)(2))
  2. Application for Branches to Engage in New Activities (Respond to Items 1, 2, 4, 6, and 8) (Section 211.4(b))
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1. Name of applying organization.
2. Location (city and country) of proposed branch.
3.
  - a. Existing representation in the foreign country, if any.
  - b. Discussion of the ways in which it is believed the branch would further the development of the applying bank's international or foreign business.
4. Type of business to be conducted (including the provision or provisions of Regulation K under which the activities of the branch would be permissible) and types of services to be offered, including:
  - a. Whether any existing or planned future business will be transferred to the proposed branch, indicating the volume and type of such business.
  - b. If any of the proposed activities are not listed in section 211.4, discuss the risks related to the conduct of the proposed activities as well as any limits, safeguards or controls that will be implemented to mitigate these risks. Also, discuss the degree to which the proposed activities will be supervised by foreign regulatory authorities.
5.
  - a. If the applicant/notificant has not previously filed a Country Exposure Report, the applicant/notificant should estimate its direct and indirect credit exposure to borrowers from this country. In making this estimate, loans to, and claims on, a bank whose head office is located in the country where the branch is to be established should be considered exposure to that country, regardless of where the loan is extended or the claim arises.
  - b. If projections indicate that at the end of the third year of operations of the proposed branch, the direct and indirect country exposure, as calculated below, will increase more than 25 percent from the levels reported in the most recently filed Country Exposure Report (FFIEC 009) and this amount is greater than 15 percent of consolidated capital, show the projected consolidated exposure for that country. For this purpose, country exposure is both cross-border exposure (which may be calculated by adding the figures under columns 4, 11, 12, and 13 of the FFIEC 009 and subtracting the sum of columns 8, 9, and 10) and net local currency exposure (subtract column 19 from column 18).
6. Estimated start-up costs and projected size of branch's assets and earnings at end of third year of operations.
7. Background of the officers of the proposed branch.
8. Status of foreign government approvals, if any.
9. For a member bank's first branch, and for the second branch where the first was not a full-service branch, a summary of the bank's experience in international banking, including the volume and character of present international business, a description of the bank's foreign or international department, the number of its staff, and the background of its officers. Also, discuss how the branch will be overseen and monitored.
10. Details on any locally imposed capital requirements and any other special requirements relating to the utilization of capital funds.
11. Indicate whether there are any requirements under the laws of the jurisdiction in which the branch would be located that would impede the provision of information about the operations, assets, and liabilities of the branch to U.S. bank regulators. If any such impediments exist, discuss what steps would be taken to insure compliance with section 211.13 of Regulation K.

## Attachment B

Notification to Establish Additional Foreign Branches of Member Banks, Edge Corporations, or Foreign Subsidiaries (Section 211.3(b)(3))

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1. Name of applying organization.
2. Location (city and country) of proposed branch.
3. Brief description of proposed activities, including the provision(s) of Regulation K under which the activities of the branch would be permissible.
4. Projected asset size of the branch at the end of its third year of operations.
5. Indicate whether there are any requirements under the laws of the jurisdiction in which the branch would be located that would impede the provision of information about the operations, assets, and liabilities of the branch to U.S. bank regulators. If any such impediments exist, discuss what steps would be taken to insure compliance with section 211.13 of Regulation K.
6. Status of foreign government approvals, if any.

## Attachment C\*

### Information Required in

1. Application to Establish an Edge Corporation (Section 211.5)
2. Application for Edge Corporations to Engage in Certain Domestic Activities (Respond to Items 2, 5, 6, and 7b) (Section 211.6(b))
3. Application to Acquire Edge Corporations by Foreign Controlled Institutions or Application to Change Control of Edge Corporations by Foreign Controlled Institutions (Respond to Items 2, 4, 5, 6, and 7b). If appropriate, respond also to Items 3, 8, and 9, and Attachment G (Sections 211.5(d) and 211.5(e)(1))

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1. The signed and dated proposed articles of association and an executed organization certificate, as prescribed by Section 25A of the Federal Reserve Act and Section 211.5 of Regulation K (see pages 7 through 10 of FR K-1).
  2. Proposed activities to be conducted by the Edge corporation, including the provision(s) of Regulation K under which the activities of the Edge corporation would be permissible.
  3. For the bank's first Edge corporation, a summary of the bank's experience in international banking operations, including the volume and character of present international business, a description of the foreign or international department, the number of its staff, and background of its officers. *Foreign banking institutions need not respond to this question.*
  4. Management of the proposed Edge corporation, including a short biographical sketch of each of the proposed directors and officers.
  5. Any request for investment authority by the proposed Edge corporation that the applicant desires to be considered concurrently with the application to form a corporation. Complete Attachment H with respect to any such request.
  6. Description of how the convenience and needs of the community(ies) will be served by the proposed Edge corporation with respect to international banking and financing services.
  7. Financial information:
    - a. Capitalization.
    - b. Projected balance sheets and income statements for three years in summary form.
  8. Foreign banking institutions that do not otherwise file the Annual Report of Foreign Banking Organizations (FR Y-7) and the Report of Changes in Organizational Structure (FR Y-10) are required to file additional information. The items of forms FR Y-7 and FR Y-10 that should be filed are:
    - a. On financial condition: FR Y-7, Report Items 1A through 1D.
    - b. On activities in the U.S.: FR Y-10.
  9. In addition, for foreign institutions:
    - a. Describe the general supervisory review and oversight of the applicant that is conducted by the applicant's home-country supervisor and, if different, the home country supervisor of any top-tier foreign bank in the ownership chain with respect to the proposed Edge corporation. The description should address how the home-country supervisor receives information on the worldwide operations of the bank (e.g., through examination, audit reports, financial reporting, prudential standards, etc.). Include a discussion of how the home-country supervisor obtains information on the dealings and relationships between the applicant and its foreign and domestic affiliates.
    - b. Provide a statement from the applicant describing the laws that would restrict the applicant or any of its parents (bank or bank holding company) from providing information to the Board necessary to determine and enforce compliance with applicable U.S. law. Further, the applicant should describe what controls and procedures will be put in place in the proposed Edge corporation to ensure continuing compliance with U.S. law.

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\*For purposes of this Attachment C, the term "agreement corporation" may be used interchangeably with the term "Edge corporation." The applicants to establish agreement corporations may obtain a copy of the form agreement by contacting Federal Reserve staff.

## Attachment D

Model Articles of Association for an Edge Corporation (Section 211.5)

### Corporation to do Business under Section 25A of the Federal Reserve Act Articles of Association

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For the purpose of organizing a corporation to do business under section 25A of the Federal Reserve Act, the undersigned subscribers for the stock of the corporation hereinafter named do enter into the following articles of association:

FIRST. The name of this corporation shall be

“ \_\_\_\_\_  
\_\_\_\_\_.”

SECOND. This corporation is being organized for the purpose of engaging in international or foreign banking and international or foreign financial operations within the limitations prescribed in section 25A of the Federal Reserve Act and regulations thereunder, either directly or through the agency, ownership, or control of local institutions in foreign countries or in dependencies or insular possessions of the United States.

THIRD. The home office of this corporation shall be located in the United States at

\_\_\_\_\_  
\_\_\_\_\_.

FOURTH. Subject to the prior approval of the Board of Governors of the Federal Reserve System as to the establishment of branches and agencies, the operations of this corporation shall be carried on in the following place or places:

\_\_\_\_\_  
\_\_\_\_\_.

FIFTH. The Board of Directors shall consist of not less than \_\_\_\_\_ nor more than \_\_\_\_\_ members. The first meeting of the shareholders for the election of directors shall be at

\_\_\_\_\_  
\_\_\_\_\_.

on the \_\_\_\_\_  
or at such other place and time as a majority of the undersigned shareholders may direct.

SIXTH. The regular annual meeting of the shareholders for the election of directors shall be held each year in the United States at the home office of the corporation, upon the date fixed by the directors in the by-laws of the corporation, and all elections shall be held according to such regulations as may be prescribed by the Board of Directors not inconsistent with the provisions of section 25A of the Federal Reserve Act and of these articles.

SEVENTH. The capital stock of this corporation shall be

\_\_\_\_\_.

EIGHTH. By amendment to these articles, the capital stock may, at any time, with the approval of the Board of Governors of the Federal Reserve System, be increased or reduced to an amount not less, in any case, than \$2,000,000 by a vote of two-thirds of the shareholders, or by unanimous consent in writing of the shareholders without a meeting and without a formal vote, according to the provisions of section 25A of the Federal Reserve Act.

NINTH. The Board of Directors, a majority of whom shall be a quorum to do business, shall have power to appoint such officers and employees as may be deemed proper, define their authority and duties, require bonds of them, and fix the penalty thereof, dismiss such officers or employees, or any thereof, at pleasure, and appoint others to fill their places; and to prescribe by-laws consistent with law and with the regulations of the Board of Governors of the Federal Reserve System regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed.

TENTH. A majority of the shares of the capital stock of this corporation shall, at all times, be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a state of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States, or by other institutions approved by the Board pursuant to the thirteenth paragraph of section 25A of the Federal Reserve Act. Provision shall be made in the by-laws for the enforcement of this requirement.

ELEVENTH. This corporation shall have succession for a period of twenty years from the date of the issuance of its preliminary permit to begin business, unless sooner dissolved by an act of its shareholders owning at least two-thirds of its stock, or by an act of Congress, or unless its franchise becomes forfeited by some violation of law; but it may, at any time within two years previous to the date of the expiration of its corporate existence, by vote of the shareholders owning two-thirds of its stock, apply to the Board of Governors of the Federal Reserve System for its approval to extend the period of its corporate existence for a term of not more than twenty years.

TWELFTH. These articles of association may, with the approval of the Board of Governors of the Federal Reserve System, be amended in the following manner:

\_\_\_\_\_  
\_\_\_\_\_.

## Attachment D—Continued

Model Articles of Association for an Edge Corporation (Section 211.5)

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IN WITNESS WHEREOF, we have hereunto set our hands, this \_\_\_\_\_ day of \_\_\_\_\_  
Day Month Year

To be signed by at least five natural persons

1. \_\_\_\_\_  
Signature Address
2. \_\_\_\_\_  
Signature Address
3. \_\_\_\_\_  
Signature Address
4. \_\_\_\_\_  
Signature Address
5. \_\_\_\_\_  
Signature Address



## Attachment E

Model Organization Certificate for an Edge Corporation (Section 211.5)

### Corporation to do Business under Section 25A of the Federal Reserve Act Organization Certificate

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We the undersigned, whose names are specified in Article Fifth of this certificate, having associated ourselves for the purpose of organizing a corporation to do business under Section 25A of the Federal Reserve Act, do make and execute the following organization certificate:

FIRST. The name of this corporation shall be

“ \_\_\_\_\_ ”

SECOND. The home office of this corporation shall be located in the United States at

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

THIRD. Subject to the prior approval of the Board of Governors of the Federal Reserve System as to the establishment of branches or agencies, the operations of this corporation shall be carried on in the following place or places:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOURTH. The capital stock of this corporation shall be

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FIFTH. The name, the place of business or residence of each person executing this certificate, and the number of shares of this corporation to which each has subscribed, are as follows:

	Name	Place of Business or Residence (Town or City and State)	Number of Shares
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

# Attachment E—Continued

Model Organization Certificate for an Edge Corporation (Section 211.5)

SIXTH. This certificate is made in order that we may avail ourselves, and in order that other persons, firms, companies, and corporations who or which may hereafter subscribe to or purchase the shares of the capital stock of this corporation may avail themselves of the advantages of the aforesaid Section 25A of the Federal Reserve Act.

IN WITNESS WHEREOF, we have hereunto set our hands, this \_\_\_\_\_ day of \_\_\_\_\_  
Day Month Year

*To be signed and acknowledged by those who have signed the articles of association*

- 1. \_\_\_\_\_  
Signature Address
- 2. \_\_\_\_\_  
Signature Address
- 3. \_\_\_\_\_  
Signature Address
- 4. \_\_\_\_\_  
Signature Address
- 5. \_\_\_\_\_  
Signature Address

*Acknowledgment must be made before a Judge of Court of Record or Notary Public*

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

Before the undersigned, a \_\_\_\_\_ of \_\_\_\_\_  
personally appeared

to me well known, who severally acknowledge that they executed the foregoing Certificate for purposes therein mentioned.

WITNESS my hand and seal of office

this \_\_\_\_\_ day of \_\_\_\_\_  
Day Month Year

(OFFICIAL SEAL  
OF OFFICER)

## Attachment F

### Notification to Establish Domestic Branches of an Edge Corporation (Section 211.5(f))

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1. Name of the notifying Edge corporation.
  2. Amended articles of association, if necessary.
- Provide the following for each proposed branch:
3. Location of proposed branch, and copy of notice published in newspaper of general circulation in area to be served.
  4. Discussion of the ways in which it is believed the branch would further the development of the notificant's international or foreign business.
  5. Type of business to be conducted and types of services to be offered, including:
    - a. Whether any existing or planned future business will be transferred to the proposed branch, indicating the volume and type of such business.
    - b. The provision(s) of Regulation K under which the activities of the proposed branch would be permissible.
    - c. Projected asset size of branch at end of third year of operations.
  6. Description of how the convenience and needs of the community(ies) will be served by the proposed branch with respect to international banking and financing services.

## **Attachment G**

Application to Amend Articles of Association of an Edge Corporation (Section 211.5(c))

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1. An executed and dated certificate of amendment to the articles of association setting forth articles to be amended, as well as the proposed amendments.
2. Brief statement of reason for each of the proposed changes.

## Attachment H\*

### Information Required in

1. Application to Invest in Other Foreign Organizations for Member Banks, Edge or Agreement Corporations, and Bank Holding Companies. (Sections 211.4(a)(8) and Section 211.9(g))
  2. Application to Engage in New Foreign Activities by Member Banks, Edge or Agreement Corporations, and Bank Holding Companies. (Respond to Items 1, 2b, 2f, 2g, 3, 5, and 6) (Section 211.10(c))
- 

1. Name of the applicant.
2. Brief description of proposed investment, including:
  - a. Name and location of the company in which the investment is to be made.
  - b. Discussion of ways it is believed the investment would further the development of the applicant's international or foreign business.
  - c. Total investment amount. Provide the cost of shares to be acquired, and relevant exchange rates; state percentage of total voting shares outstanding, and, if different, the percentage of total equity to be held. Provide the total amount of any premiums, other direct or indirect capital contributions, or contingent payments. List subordinated debt held or to be held by the applicant.
  - d. For subsidiary and joint venture investments, identify and note the existing and pro forma equity interests of other 10 percent or more shareholders. With respect to investments in partnerships, provide details on the potential liabilities of each partner, including the applicant.
  - e. For a portfolio investment, provide information regarding whether the applicant would have the ability to control the organization in any manner (including, for example, through written agreements among shareholders, veto rights over major management or business decisions, etc.).
  - f. List significant activities of the company, including activities and offices or subsidiaries through which business is or will be conducted. Include the provision(s) of Regulation K under which the activities would be permissible.
  - g. Describe fully any activity that is not of a banking or financial nature, or any business conducted directly or indirectly in the United States. For activities not of a banking or financial nature, discuss the risks related to the conduct of the proposed activities as well as any limits, safeguards or controls that will be implemented to mitigate the risks. For any activity that the Board has not previously determined to be of a banking or financial nature, discuss whether the proposed activity is usual in connection with the business of banking or other financial operations in the country in which the activity is to be conducted, supported with examples of whether other banking and financial organizations engage in the activity and how the activity is related to the banking business.
  - h. Discuss the degree to which, if any, the activities would be subject to regulation and supervision by foreign authorities following the proposed investment.
  - i. Describe the manner in which the entity in which the proposed investment is to be made would be managed.
3. Financial information:
  - a. Identify the source of funds for the proposed investment.
  - b. Provide recent, audited comparative balance sheets and income statements in English (indicating relevant exchange rates) for established companies. For new companies, provide in summary form projected balance sheets and income statements (indicating exchange rates used) for three years. Explanation should be provided of any significant deviations from U.S. Generally Accepted Accounting Principles (GAAP).
  - c. Explain any credit arrangements, direct or indirect, granted or expected to be granted by the investor or its affiliates to the company, or vice versa.
  - d. Provide details of any capital or other financial requirements that the company must adhere to in accordance with local law.
4. Country exposure:
  - a. If the investor has not previously filed a Country Exposure Report, the investor should estimate its direct and indirect credit exposure to borrowers from this country. In making this estimate, loans to, and claims on, a bank whose head office is located in the country where the investment is to be made should be considered exposure to that country, regardless of where the loan is extended or the claim arises.
  - b. If projections indicate that at the end of the third year of operations of the proposed investment, the direct and indirect country exposure will increase more than 25 percent from the levels reported in the most recently filed Country Exposure Report (FFIEC 009) and this amount is greater than 15 percent of consolidated capital, show the projected consolidated exposure for that country. For this purpose, country exposure is both cross-border exposure (which may be calculated by adding the figures under columns 4, 11, 12, and 13 of the FFIEC 009 and subtracting the sum of columns 8, 9, and 10) and net local currency exposure (subtract column 19 from column 18).
5. Additional information for investments in joint ventures:
  - a. Describe any contracts to be entered into in connection with the proposed investment, including agreements of support, management agreements, technical services agreements, and the like. Attach a copy or draft of the contracts.
  - b. State who will exercise effective control. Also describe any veto powers that the applicant or other shareholders will exercise.

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\*Attachment H does not apply to foreign investments made pursuant to financial holding company authority by bank holding companies that are also financial holding companies ("FHCs"). However, investments in foreign banks or through an Edge or agreement corporation may not be made using financial holding company authority. FHCs may elect to make foreign investments under Regulation K rather than under financial holding company authority and, in that case, should use this attachment.

## Attachment H—Continued

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- c. Provide details concerning the financial resources of holders of more than 10 percent of the shares of the proposed joint venture including for corporate entities, total assets, stockholders' equity, and net income for the latest complete year, and, for individual shareholders, a short biography, indicating net worth, if possible.
  - d. Provide details of major management committees, including responsibilities of such committees and stockholder representation.
  - e. Provide details of any special relationships between the applicant (and its affiliates) and other shareholders in the company, including any equity interests in, or any credit granted to, other shareholders for purchase of the proposed investment.
  - f. State the percentages of consolidated assets and revenues attributable to activities not permissible to a subsidiary in regard to Section 211.8(c)(1) of Regulation K.
  - g. Describe the extent to which the applicant's identity will be associated with the company.
6. Compliance with foreign requirements:
    - a. Indicate whether the proposed transaction is subject to foreign regulatory approval(s), and discuss the status of any such approval(s).
    - b. For additional investments due to changes in local government requirements, provide a copy of the relevant laws or regulations in English or, if not available, provide a summary of the pertinent provisions.
  7. For subsidiary or joint venture investments, indicate whether there are any requirements under the laws of the local jurisdiction that would impede the provision of information to U.S. bank regulators. If any such impediments exist, discuss what steps would be taken to insure compliance with Section 211.13 of Regulation K.

## Attachment I\*

Notification to Invest in Other Foreign Organizations for Member Banks, Edge and Agreement Corporations, and Bank Holding Companies (Section 211.9(f))

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1. Name of U.S. investor.
2. Name and location (city and country) of foreign company.
3. a. Amount of investment and percentage of ownership as a result of the investment.  
b. Identify the source of funds for the proposed investment.
4. Brief description of proposed activities, including citation of the paragraph(s) of Regulation K under which the activities are authorized. Also, discuss the degree to which the proposed activities will be supervised by foreign regulatory authorities.
5. a. For subsidiary and joint venture investments, identify and note the existing and pro forma equity interests of other 10 percent or more shareholders. With respect to investments in partnerships, provide details on the potential liabilities of each partner, including the notificant.  
b. For proposed joint venture investments, describe the financial and managerial support to be provided by the investor.  
c. Describe the extent to which the notificant's identity will be associated with the joint venture.  
d. For a portfolio investment, provide the percent of voting and nonvoting equity owned and information regarding whether the notificant would have the ability to control the organization in any manner (including, for example, through written agreements among shareholders, veto rights over major management or business decisions, etc.).
6. a. If an investment is being made in a de novo foreign bank or nonbank company, indicate the approximate projected asset size of the company at the end of its third year of operations following the proposed investment.  
b. For investments in established companies, submit an abbreviated balance sheet and income statement for such companies. For an additional investment in a subsidiary, reference may be made to the Report of Condition for the subsidiary (Form 2314), provided the information is no more than approximately six months old.
7. Status of foreign regulatory approvals, if any.
8. For subsidiary or joint venture investments, indicate whether there are any requirements under the laws of the local jurisdiction that would impede the provision of information to U.S. bank regulators. If any such impediments exist, discuss what steps would be taken to insure compliance with Section 211.13 of Regulation K.

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\* Attachment I does not apply to foreign investments made pursuant to financial holding company authority by bank holding companies that are also financial holding companies ("FHCs"). However, investments in foreign banks or through an Edge or agreement corporation may not be made using financial holding company authority. FHCs may elect to make foreign investments under Regulation K rather than under financial holding company authority and, in that case, should use this attachment.

## Attachment J

Application to Invest in Excess of Ten Percent of Capital and Surplus in Edge Corporations (Section 211.5(h))

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1. Name of applying organization.
2. Total amount of proposed additional investment in Edge or agreement corporation subsidiaries and a brief description of the purpose of the proposed additional investment.
3. Information regarding the composition of the assets of the bank's existing Edge and agreement corporations.
4. The total capital invested by the bank to date in each Edge and agreement corporation subsidiary.
5. The total capital (including retained earnings) of each Edge corporation, agreement corporation, and foreign bank subsidiary of the bank.
6. Capital ratios for the bank (complete with supporting documentation) that deconsolidate and deduct the aggregate investment in and assets of all Edge or agreement corporations and all foreign bank subsidiaries.



## Attachment K

### Notification to Establish Export Trading Companies (Section 211.34)

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1. Name of the notifying organization.
2. Brief description of proposed investment, including:
  - a. Name of business organization and location.
  - b. Cost of shares to be acquired; indicate number, type, and percentage of total voting shares outstanding, and, if different, percentage of total equity to be held. Provide the total amount of any premiums, other direct or indirect capital contributions, or contingent payments. List subordinated debt held or to be held by the notificant.
  - c. If the investment is in the shares of a partnership, furnish details on the liabilities of such shares.
  - d. List offices or subsidiaries through which business is or will be conducted.
  - e. Provide a list of directors and senior management, including their principal affiliations, and a list of all shareholders holding 10 percent or more of any class of the shares of the company.
  - f. Describe significant activities of the company and discuss how company will control risks arising from activities that are not of a traditional banking or financial nature.
3. Financial information:
  - a. Provide recent, audited comparative balance sheets and income statements for established companies. For new companies, provide projected balance sheets (including projected inventories) and income statements for three years. Discuss briefly the proposed leveraging of the company, as well as the assumptions and strategies supporting the projections.
  - b. Explain any credit arrangements direct or indirect, granted or expected to be granted by the investor or its affiliates to company, or vice versa.
4. Additional information for investments in joint ventures:
  - a. Describe any contracts to be entered into in connection with the proposed investment, including agreements of support, management agreements, technical services agreements, and the like. Attach a copy or draft of the contracts.
  - b. State who will exercise effective control. Also, describe any veto powers that the notificant or other shareholders will exercise.
  - c. Provide details concerning the financial resources of holders of more than 10 percent of the shares of the proposed joint venture, including for corporate entities, total assets, stockholders' equity, and net income for the latest complete year, and, for individual shareholders, a short biography indicating net worth, if possible.
  - d. Provide details of major management committees, including responsibilities of such committees and stockholder representation.
  - e. Provide details of any special relationships between the notifying organization (and its affiliates) and other shareholders in the company, including any equity interests in, or any credit granted to, other shareholders for purchase of the proposed investment.
  - f. Describe the extent to which the notifying organization's identity will be associated with the company.