

FEDERAL RESERVE SYSTEM

Monte de Piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla,  
Seville, Spain

Order Approving Establishment of a Representative Office

Monte de Piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla (“Bank”), Seville, Spain, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA<sup>1</sup> to establish a representative office in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Miami (*Miami Herald*, July 25, 2008). The time for filing comments has expired, and all comments received have been considered.

Bank, a savings bank with total consolidated assets of approximately \$43.6 billion,<sup>2</sup> is the 15th largest bank in Spain.<sup>3</sup> Bank provides

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<sup>1</sup> 12 U.S.C. § 3107(a).

<sup>2</sup> Asset data are as of June 30, 2008.

<sup>3</sup> Bank has no shareholders. Bank’s operations are controlled and governed by a general assembly and a board of directors. The membership of the 320-member general assembly includes representatives of the municipalities in which Bank operates (approximately 22 percent); Bank’s depositors (approximately 27 percent); representatives designated by the regional parliament of the Autonomous Community of Andalusia (15 percent); and

retail banking services through its branch network in Spain and provides corporate banking services to Spanish and foreign corporations. Bank also provides investment services primarily to its retail banking customers and distributes insurance products. Bank currently does not have any offices outside Spain. The proposed representative office would promote and market Bank's products and services, provide support to Spanish companies with respect to their U.S. activities, identify investment projects that could be financed from Spain, and perform other typical representative office functions.<sup>4</sup>

In acting on an application under the IBA and Regulation K by a foreign bank to establish a representative office, the Board shall take into account whether the foreign bank engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately.<sup>5</sup> The Board shall also take into account whether the foreign bank is subject to comprehensive supervision on a

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Bank's employees (15 percent). Bank's board of directors is composed of 40 members, proportionally representing the entities constituting the general assembly.

<sup>4</sup> A representative office may engage in representational and administrative functions in connection with the banking activities of the foreign bank, including soliciting new business for the foreign bank; conducting research; acting as a liaison between the foreign bank's head office and customers in the United States; performing preliminary and servicing steps in connection with lending; and performing back-office functions. A representative office may not contract for any deposit or deposit-like liability, lend money, or engage in any other banking activity. 12 CFR 211.24(d)(1).

<sup>5</sup> 12 U.S.C. § 3107(a)(2).

consolidated basis by its home country supervisor.<sup>6</sup> The Board also considers additional standards set forth in the IBA and Regulation K.<sup>7</sup>

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

With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Spain, that those banks were subject to comprehensive

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<sup>6</sup> Id.; 12 CFR 211.24(d)(2). In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk exposure on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

<sup>7</sup> See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2). These standards include: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank's record of operation.

supervision on a consolidated basis by their home country supervisor, the Bank of Spain.<sup>8</sup> Bank is supervised by the Bank of Spain on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The additional standards set forth in section 7 of the IBA and Regulation K also have been taken into account.<sup>9</sup> With respect to the financial and managerial resources of Bank, taking into consideration its record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are considered consistent with approval. Bank appears to have the experience and capacity to support the proposed representative office. In addition, Bank has established controls and procedures for the proposed representative office to ensure compliance with U.S. law and for its operations generally. The Bank of Spain has no objection to the establishment of the proposed office.

Spain is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering and international terrorism. In accordance with those recommendations, Spain has enacted laws and created legislative and regulatory standards to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Spain, and Bank is subject to laws that

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<sup>8</sup> See Caja de Ahorros del Mediterráneo, 92 Federal Reserve Bulletin C133 (2006); Caja de Ahorros de Galicia, Caixa Galicia, 92 Federal Reserve Bulletin C132 (2006); Banco Popular Español, S.A., 92 Federal Reserve Bulletin C130 (2006).

<sup>9</sup> See supra note 7.

require it to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout its worldwide operations. Bank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money laundering compliance.

With respect to access to information about Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and the relevant government authorities have been communicated with regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of the foregoing and all the facts of record, and subject to the commitments made by Bank to the Board, as well as the terms and conditions set forth in this order, Bank's application to establish a

representative office in Miami, Florida, is hereby approved.<sup>10</sup> Should any restrictions on access to information regarding the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.<sup>11</sup> The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with this decision and may be enforced in proceedings under applicable law against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board, effective December 19, 2008.

(SIGNED)

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>10</sup> Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. See 12 CFR 265.7(d)(12).

<sup>11</sup> The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Florida to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Florida or its agent, the Florida Office of Financial Regulation, to license the proposed representative office of Bank in accordance with any terms or conditions that it may impose.