

FEDERAL RESERVE SYSTEM

Banque SYZ SA
Geneva, Switzerland

Order Approving the Establishment of a Representative Office

Banque SYZ SA (“Banque SYZ”), a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA¹ to establish a representative office in Miami, Florida, following an internal reorganization that involved Banque SYZ’s merger with its subsidiary, Banque SYZ Suisse SA (“SYZ Suisse”), both of Geneva, Switzerland.² 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, Florida (*Miami Herald*, December 7, 2015). The time for submitting comments has expired, and the Board has considered all comments received.

Financière SYZ SA (“Financière SYZ”), Geneva, Switzerland, is the parent of Banque SYZ. An overwhelming majority of Financière SYZ’s shares is owned by an individual. Two companies own 5.5 and 5.7 percent of the company’s shares, each. No other shareholder owns 5 percent or more of Financière SYZ’s shares.

¹ 12 U.S.C. § 3107(a).

² Banque SYZ acquired Royal Bank of Canada (Suisse) SA (“RBC Suisse”), Geneva, Switzerland, on August 28, 2015. Until that date, RBC Suisse maintained a representative office in Miami, Florida. Following the acquisition, Banque SYZ renamed RBC Suisse as Banque SYZ Suisse SA.

Banque SYZ has total assets of approximately \$3.2 billion.³ Banque SYZ engages in private banking activities, including asset management for private and corporate Swiss and foreign clientele, and secured loan transactions. Outside Switzerland, Banque SYZ has a representative office in Dubai, United Arab Emirates. Banque SYZ has no operations in the United States.⁴

The proposed representative office would act as a liaison between Banque SYZ and its customers. The proposed representative office would also engage in other representational activities, including soliciting banking business for Banque SYZ.⁵

On December 10, 2015, Banque SYZ received approval, pursuant to section 211.24(a)(6) of the Board's Regulation K, to proceed with the merger of Banque SYZ and SYZ Suisse prior to Board action on Banque SYZ's application to establish a representative office in the United States through retention of the SYZ Suisse representative office.⁶ The merger of Banque SYZ and SYZ Suisse was completed on December 11, 2015.

³ Asset data are as of December 31, 2015.

⁴ Financière SYZ owns SYZ Advisors, Ltd., an investment advisor that does not have an office in the United States but is registered with the U.S. Securities and Exchange Commission and has clients located in the United States.

⁵ 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).

⁶ See Letter dated December 10, 2015, to Bowman Brown, Shutts & Bowen LLP. Consistent with 12 CFR 211.24(a)(6), Banque SYZ provided commitments to the Board not to engage in any new lines of business or expand its U.S. activities until the disposition of the application and to abide by the Board's decision on Banque SYZ's application to establish a representative office, including, if necessary, a decision to require the termination of the activities of the representative office.

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a representative office, the Board must consider whether (1) the foreign bank has furnished to the Board the information it needs to assess the application adequately, (2) the foreign bank and any foreign bank parent engage directly in the business of banking outside of the United States, and (3) the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their home country supervisor.⁷ The Board also considers additional standards set forth in the IBA and Regulation K.

In the case of an application to establish a representative office, the Board has by rule determined that the supervision standard may be met if the Board determines that the applicant bank is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities.⁸ This is a lesser standard than the comprehensive, consolidated supervision standard applicable to applications to establish branch or agency offices of a foreign bank. The Board considers the lesser standard sufficient for approval of representative

⁷ 12 U.S.C. § 3107(a)(2); 12 CFR 211.24(d)(2). In assessing the supervision standard, the Board considers, among other indicia of comprehensive, consolidated supervision, 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 relationships 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; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

⁸ See 12 CFR 211.24(d)(2). In adopting the regulations governing applications to establish representative offices, the Board noted that "[a] lesser standard applies because representative offices do not conduct a banking business, such as taking deposits or making loans, and therefore present less risk to U.S. customers than do branches or agencies." 66 Fed. Reg. 54365 (October 26, 2001).

office applications because representative offices may not engage in banking activities. This application has been considered under the lesser standard.

As noted above, Banque SYZ engages directly in the business of banking outside the United States. Banque SYZ 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 has considered that Banque SYZ is supervised by the Swiss Financial Market Supervisory Authority (“FINMA”). The Board has previously considered the supervisory regime in Switzerland for financial institutions in connection with applications involving other Swiss banks.⁹ Banque SYZ is supervised by FINMA on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Banque SYZ is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities.

The Board has also considered the following additional standards set forth in the IBA and Regulation K: (1) whether the bank’s home country supervisor has consented to the establishment of the office; (2) 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; (3) the financial and managerial resources of the bank; and (4) whether the appropriate supervisors in the home country may share information on the bank’s operations with the Board.¹⁰ FINMA has no objection to the proposed representative office.

⁹ See, e.g., UBS AG/Union Bank of Switzerland, 84 Federal Reserve Bulletin 684 (June 8, 1998); Credit Suisse, 85 Federal Reserve Bulletin 68 (November 23, 1998); UBS AG, 86 Federal Reserve Bulletin 69 (November 24, 1999).

¹⁰ See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2).

Switzerland 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 these recommendations, Switzerland has enacted laws and regulations to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Switzerland, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Banque SYZ has policies and procedures to comply with these laws and regulations, and its operations are monitored by governmental entities responsible for anti-money-laundering compliance.

Banque SYZ appears to have the experience and capacity to support the proposed representative office. In addition, Banque SYZ has established controls and procedures for the proposed representative office to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally. Taking into consideration Banque SYZ's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, financial and managerial factors are consistent with approval of the proposed representative office.

Banque SYZ has committed to make available to the Board such information on its operations and on those of any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, Banque SYZ 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, it has been determined that Banque SYZ has provided adequate assurances of access to any necessary information that the Board may request.

The Board also has considered whether Banque SYZ's proposal would present a risk to the stability of the United States. The proposal would not appear to affect financial stability in the United States. In particular, the absolute and relative size of Banque SYZ in its home country; the scope of Banque SYZ's activities, including the types of activities it proposes to conduct in the United States and the potential for those activities to increase or transmit financial instability; and the framework in place for supervising Banque SYZ in its home country do not appear to create significant risk to the financial stability of the United States. Based on these and other factors, financial stability considerations in this proposal are consistent with approval.

On the basis of all the facts of record, and subject to the commitments made by Banque SYZ, Banque SYZ's application to establish the proposed representative office is hereby 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.¹¹ Should any restrictions on access to information on the operations or activities of Banque SYZ and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Banque SYZ or its affiliates with applicable federal statutes, the Board may require termination of any of Banque SYZ's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Banque SYZ with the conditions imposed in this order and the commitments made to the Board in connection with this application.¹² For purposes of this action, these commitments and conditions

¹¹ 12 CFR 265.7(d)(12).

¹² The Board's authority to approve the establishment of a 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 and its agent, the Florida Office of Financial Regulation, to license the proposed representative office of Banque SYZ in accordance with any terms and conditions that the Florida Office of Financial Regulation might impose. The Florida Office of Financial Regulation approved Banque SYZ's application to establish the representative office on February 25, 2016.

are deemed to be conditions imposed by the Board in writing in connection with this decision and, as such, may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board, effective
June 23, 2016

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board