



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

July 6, 2016

Mr. Slawomir Krupa
Chief Executive Officer
Société Générale Americas
245 Park Avenue
New York, New York 10167

Dear Mr. Krupa:

This letter is in response to your request dated February 27, 2016, that the Board provide Société Générale (“SocGen”), Paris, France, relief from the requirement to establish an intermediate holding company (“IHC”) and comply with applicable requirements under Regulation YY by July 1, 2016.

Under Regulation YY, a foreign banking organization with U.S. non-branch assets of \$50 billion or more as of June 30, 2015, based on a four-quarter average, is required to establish an IHC by July 1, 2016.¹ A foreign banking organization will remain subject to the IHC requirement until its reported U.S. non-branch assets are below \$50 billion for four consecutive calendar quarters.² A foreign banking organization required to form an IHC must, by July 1, 2016, hold under the IHC its ownership interests in any bank holding company (if not designated as the foreign banking organization’s IHC), any insured depository institution, and its U.S. subsidiaries representing 90 percent of the foreign banking organization’s assets not owned by such subsidiary bank holding company or insured depository institution.³ By July 1, 2017, a foreign banking organization must hold under the IHC its ownership interests in all U.S. subsidiaries.⁴ The Board may extend or accelerate any compliance date under Regulation YY if the Board determines that the extension or acceleration is appropriate.⁵

¹ 12 CFR 252.152(c)(2).

² 12 CFR 252.152(d)(2).

³ 12 CFR 252.152(c)(2)(i).

⁴ 12 CFR 252.152(c)(2)(ii).

⁵ 12 CFR 252.3(b).

As of the June 30, 2015, asset measurement date, SocGen had U.S. non-branch assets in excess of \$50 billion, based on an average of four previous consecutive quarters, and became subject to the requirement to form an IHC by July 1, 2016. However, as of December 31, 2015, SocGen had reduced its U.S. non-branch assets to \$41 billion, and it has represented that it expects its U.S. non-branch assets will remain below \$50 billion for at least two years. Pursuant to the cessation provisions in Regulation YY, SocGen has represented that it expects it would no longer be subject to the IHC requirement after reporting its U.S. non-branch assets as of September 30, 2016, on its FR Y-7Q filed during the fourth quarter of 2016. SocGen has requested that the Board grant it relief from the requirement to establish an IHC and comply with applicable requirements.

After consideration of all relevant facts, including the effect of the extension on financial stability, the period of time for which the extension would be necessary to facilitate compliance with Regulation YY, and the actions the company is taking to come into compliance with Regulation YY, the Board has granted SocGen's request for a six-month delay, until January 1, 2017, to establish an IHC and comply with applicable requirements. If SocGen's assets remain below \$50 billion through December 31, 2016, SocGen will not be required to form an IHC on January 1, 2017, by virtue of the cessation of requirements provisions in Regulation YY.⁶

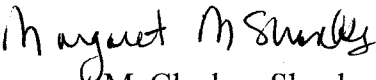
SocGen has already reduced its U.S. non-branch assets to below the \$50 billion threshold and expects that its U.S. non-branch assets will remain below \$50 billion for at least two years. Requiring SocGen to establish an IHC for six months would cause the firm to incur significant expenditures to come into compliance with the IHC requirement. Further, SocGen will still be subject to other provisions of Regulation YY, including liquidity, risk management, and home-country stress testing.⁷ Imposing the IHC requirement on SocGen would not appear to meaningfully improve the firm's safety and soundness or advance financial stability objectives, given that SocGen could unwind the IHC structure by the end of 2016. However, if SocGen's U.S. non-branch assets were to exceed the \$50 billion threshold for any quarter ending on or between December 31, 2016, and December 31, 2018, SocGen would become subject to the IHC requirement one year after the end of such quarter. If SocGen's U.S. non-branch assets were to remain below the \$50 billion threshold through December 31, 2018, the one-year accelerated transition period would cease to apply, and SocGen would again be subject to the general applicability provisions under Regulation YY.

⁶ 12 CFR. 252.152(d)(2).

⁷ See 12 CFR 252.154-158.

For the reasons stated above, the Board has granted SocGen's request for a six-month delay, until January 1, 2017, to establish an IHC and comply with applicable requirements, subject to the condition described above. This action is based on all the facts of record and on all the representations and commitments made by SocGen in its submissions to the Board in connection with the request. These representations and commitments constitute conditions imposed in writing in connection with the findings and decisions herein and, as such, may be enforced in proceedings under applicable law. Any material change in those facts or representations could affect this approval and should be communicated promptly to Board staff.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board