

FEDERAL RESERVE SYSTEM

Banca Sella S.p.A.
Biella, Italy

Order Approving Establishment of an Agency

Banca Sella S.p.A. (“Bank”), Biella, Italy, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed agency in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the Board’s approval to establish an agency in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Miami, Florida (*The Miami Herald*, June 7, 1999). The time for filing comments has expired, and the Board has considered all comments received.

Bank, with total consolidated assets of approximately \$5 billion, is the largest privately owned banking organization in Italy.¹ Established in 1886 by members of the Sella family, Bank continues to be controlled by the Sella family through several non-operating holding companies.

Bank engages in retail and commercial banking and other financial activities, including insurance and asset management, directly and through its bank and nonbank subsidiaries. Outside Italy, Bank has operations in Switzerland, Luxembourg, Romania, India, and Venezuela. Bank does not engage directly or indirectly in any nonbanking activities in the United States. Bank would be a qualifying foreign banking organization within the meaning of Regulation K

¹Unless otherwise indicated, data are as of June 30, 1999.

(12 C.F.R. 211.23(b)).

Bank proposes to establish an agency primarily to provide private banking services to Bank's customers in Latin America. The agency also would work with Bank's existing and future representative offices in Latin America to promote and develop new business opportunities. The agency would solicit deposits and investment management accounts, provide limited custody services, offer fully secured personal loans, and engage in limited foreign exchange activities.

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and that the applicant has furnished to the Board the information it needs to assess the application adequately. The Board generally also must determine that the foreign bank and any of its foreign bank parents are subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.² The Board also may take into account additional standards as set forth in the IBA and Regulation K.³

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.

Regulation K provides that a foreign bank will be considered to be subject to consolidated supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its

²See 12 U.S.C. § 3105(d)(2).

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

home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to any affiliates, to assess the bank's overall financial condition and its compliance with law and regulation.⁴ The Board has made the following findings with regard to the supervision of Bank.

The Board previously has determined, in connection with applications involving other banks in Italy, that those banks were subject to home country supervision on a consolidated basis.⁵ The Board has found that Bank is supervised by the Bank of Italy on substantially the same terms and conditions as those other banks.⁶ Based on all the facts of record, the Board has determined that Bank is

⁴See 12 CFR 211.24(c)(1). 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 asset 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.

⁵See *Banca Intesa S.p.A.*, 86 Federal Reserve Bulletin ____ (2000)(order dated April 5, 2000); *Istituto Bancario San Paolo di Torino S.p.A.*, 82 Federal Reserve Bulletin 1147 (1996); *Banca de Roma S.p.A.*, 82 Federal Reserve Bulletin 1145 (1996).

⁶As noted, Bank is owned, directly and indirectly, by holding companies: Finanziaria Bansel S.p.A. ("Bansel"), Sofise S.p.A., Maurizio Sella s.a.a., and Finanziaria 1900 S.p.A. Bansel is registered as a bank holding company under Italian law and is regulated as such by the Bank of Italy. In addition, the Bank of Italy has the authority to obtain information from and to examine the remaining three companies.

subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board also has taken into account the additional standards set forth in the IBA and Regulation K.⁷ The Bank of Italy has no objection to establishment of the proposed agency.

Italy's risk-based capital standards conform to European Union capital standards, which are consistent with those established by the Basle Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed office. In addition, Bank has established controls and procedures for the office to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Finally, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank and its parents have committed to make available to the Board such information on Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information may be prohibited or impeded by law or otherwise, Bank and its parents have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain

⁷See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3).

conditions, the Bank of Italy may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank and its parents have provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its parents, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the state-licensed agency in Miami, Florida, should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability 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 Bank's compliance with the commitments made in connection with this application and with the conditions in this order.⁸ The commitments and conditions referred to above are

⁸The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the Florida Department of Banking and Finance to license offices of a foreign bank. The Board's approval of the application does not supplant the authority of the State of Florida and its agent, the Florida Department of Banking and Finance, to license the proposed agency of Bank in accordance with any terms or conditions that the Florida Department of Banking and Finance may impose.

conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under applicable law against Bank, its offices, and its affiliates.

By order of the Board of Governors,⁹ effective May 30, 2000.

(signed)

Robert deV. Frierson
Associate Secretary of the Board

⁹This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. 265.4(b)(1)) by a committee of Board members. Voting for this action: Governors Kelley, Meyer, and Gramlich. Absent and not voting: Chairman Greenspan and Vice Chairman Ferguson.