

FEDERAL RESERVE SYSTEM

The Chuo Mitsui Trust & Banking Co., Ltd.
Tokyo, Japan

Order Approving Establishment of a Representative Office

The Chuo Mitsui Trust & Banking Co., Ltd. (“Bank”), Tokyo, Japan, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in New York, New York. 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 submit comments, has been published in a newspaper of general circulation in New York, New York (*New York Post*, April 14, 2000). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, the sixth largest bank in Japan, was formed in April 2000 when The Chuo Trust & Banking Co., Ltd. merged with The Mitsui Trust & Banking Co., Ltd. (“Mitsui”), both of Tokyo, Japan.

Bank provides banking and trust services to individual and corporate clients. Bank operates an extensive branch network in Japan, and representative offices in Singapore and China. Before the merger, Mitsui operated a representative in New York, New York. Bank has requested authority to retain and operate the representative office with this application. Pursuant to Regulation K, the Board allowed the merger to proceed before an application to establish the office was filed and acted on by the Board.¹

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and

¹See 12 C.F.R. 211.24(a)(3), and Board Letter, dated March 29, 2000, to Peter Figdor, Esq.

any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. §3107(a)(2); 12 C.F.R. 211.24(d)(2)).² In addition, the Board may take into account additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)).

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 Japan, that those banks were subject to home country supervision on a consolidated basis.³ Bank is supervised by the Financial Services Agency (the “FSA”) on substantially the same terms and conditions as those other banks.⁴

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 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.

³See *Bank of Tokyo Ltd.*, 81 Federal Reserve Bulletin 279 (1995); *Mitsubishi Bank Ltd.*, 82 Federal Reserve Bulletin 436 (1996); *Sumitomo Bank Ltd.*, 82 Federal Reserve Bulletin 365 (1996); *Sumitomo Bank Ltd.*, 83 Federal Reserve Bulletin 54 (1997); *Fuji Bank Ltd.*, 84 Federal Reserve Bulletin 674 (1998); *Fuji Bank Ltd.*, 85 Federal Reserve Bulletin 338 (1999); *Sanwa Bank, Ltd.*, 86 Federal Reserve Bulletin 54 (2000).

⁴On July 1, 2000, the Financial System Planning Bureau, a bureau of the Japanese Ministry of Finance, was merged into the Financial Supervisory Agency. The combined agency was renamed the Financial Services Agency (“FSA”). The

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Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.

The Board also has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). The FSA has no objection to the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, the Board has also determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

With respect to access to information on Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities 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 addition, subject to certain conditions, the FSA 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 has provided adequate assurances of access to any necessary information that the Board may request.

⁴(...continued)

merger combines the Ministry of Finance's policy-making function with the former Financial Supervisory Agency's supervisory and inspection functions. Other than the addition of the policy-making function to the FSA, there have been no material changes in Japanese bank supervision since it was last reviewed by the Board in November 1999.

On the basis of all the facts of record, and subject to the commitments made by Bank, and the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the representative office should be, and hereby is, approved. If 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 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 is also specifically conditioned on Bank's compliance with the commitments made in connection with this application and with the conditions in this order.⁵ The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings against Bank and its affiliates under 12 U.S.C. § 1818.

By order of the Board of Governors,⁶ effective August 21, 2000.

(Signed)

Robert deV. Frierson
Associate Secretary of the Board

⁵ The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York and its agent, the New York State Banking Department ("Department"), to license the proposed representative office of Bank in accordance with any terms or conditions that the Department may impose.

⁶ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.