



Jorge Moran
US Country Head

April 30, 2013

Mr. Robert deV. Frierson
Secretary Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Notice of Proposed Rulemaking on Enhanced Prudential Standards and Early Remediation for Foreign Banking Organizations and Foreign Nonbank Financial Companies. Docket No. R-1438 and RIN 7100 AD 86

Dear Mr. Frierson:

Santander U.S. appreciates the opportunity to comment on the proposed rules that would implement the enhanced prudential standards required to be established under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the early remediation requirements under section 166 of the Act for foreign banking organizations (FBOs) and for foreign nonbank companies supervised by the Federal Reserve Board (Board).

Santander U.S. is a virtual holding company that includes the Banco Santander, S.A. entities operating in the U.S., with \$124 billion in U.S. assets and over 14,000 employees as of December 31, 2012.

We understand the Board's desire to mitigate stability risks in the financial system as well as the goals of the proposed rulemaking.

We would like to take this opportunity to highlight Banco Santander, S.A.'s corporate model. The model is a well-established subsidiary model that is deployed in the countries where Santander operates. The main attributes and advantages of the subsidiary model include, but not limited to:

- Each subsidiary manages its own capital and liquidity as well as its access to markets. The capital and liquidity standards are generally met at the group and local levels independently.

- As a general principle, the subsidiaries do not depend on interconnectivity for financial support. This provides a firewall that greatly mitigates the spread of potential problems or risks from one entity of the group to another.
- Intra-group transactions are performed with transparency, at market prices, subject to strict limits and procedures.
- Each subsidiary is supervised by home and host country authorities.
- Governance structures and business decisions are made at the subsidiary level. Subsidiary executives manage their risk based on local business needs and their particular environment.
- Some subsidiaries are publicly listed as it provides a local benchmarking for their performance and value.

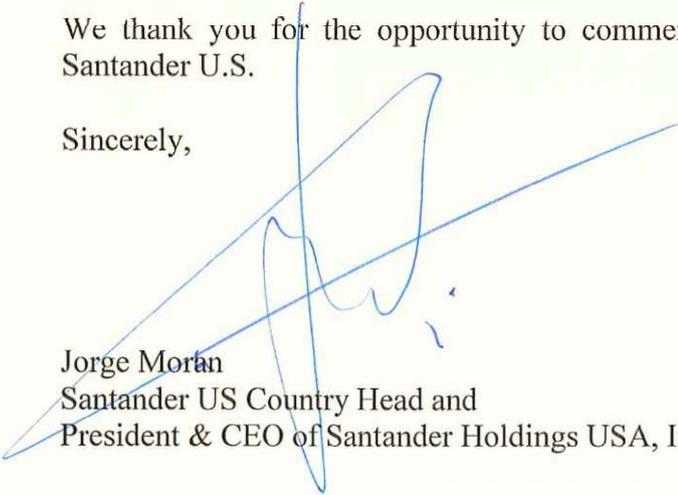
As described above, many of the attributes of our subsidiary model are in line with the goals of the proposed rulemaking.

At this point, we would welcome further clarity with regard to the requirements and process that the Board envisions in order for FBOs to re-organize its U.S. legal entities under one intermediate holding company. This clarity is very important to calibrate future strategy and associated costs with the implementation of this rule.

We share the industry view that this rulemaking should be coordinated with affected foreign jurisdictions and avoid any unintended consequences. Home country supervision should continue to be preserved as in the current regulatory framework.

We thank you for the opportunity to comment on this proposal and to share the views of Santander U.S.

Sincerely,



Jorge Moran
Santander US Country Head and
President & CEO of Santander Holdings USA, Inc.