



BOARD OF GOVERNORS  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 7, 2013

William Haney, Esq.  
Joint General Manager and  
General Counsel, Americas Division  
Sumitomo Mitsui Banking Corporation  
277 Park Avenue  
New York, New York 10172

Dear Mr. Haney:

The Board of Governors (“Board”), has reviewed the election filed by Sumitomo Mitsui Financial Group, Inc. (“SMFG”), and its subsidiary, Sumitomo Mitsui Banking Corporation (“SMBC”), both of Tokyo, Japan, and both bank holding companies within the meaning of the Bank Holding Company Act (“BHC Act”), to become financial holding companies (“FHCs”) pursuant to sections 4(k) and 4(l) of the BHC Act<sup>1</sup> and sections 225.82 and 225.91 of the Board’s Regulation Y.<sup>2</sup>

SMFG and SMBC have certified that they are well capitalized and well managed pursuant to section 4(l) of the BHC Act, as amended by section 606(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”).<sup>3</sup> SMFG and SMBC have also certified that their U.S. depository institution subsidiary, Manufacturers Bank, Los Angeles, California, meets the well-capitalized standard of section 225.2(r)(2) and the well-managed standard of section 225.2(s) of Regulation Y.<sup>4</sup>

The Board has reviewed the capital levels of SMFG and SMBC, as well as the management of SMBC’s combined U.S. operations, the examination rating and combined ROCA rating for those operations, and the relevant examination ratings

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<sup>1</sup> 12 U.S.C. §§ 1843(k) and (l).

<sup>2</sup> 12 CFR 225.82 and 225.91.

<sup>3</sup> Pub. L. No. 111-203, 124 Stat. 1376. Section 606(a) of the Dodd-Frank Act amended the BHC Act to require a bank holding company to be well capitalized and well managed in order to become an FHC.

<sup>4</sup> 12 CFR 225.2(r)(2) and 225.2(s).

received by Manufacturers Bank. The Board has also confirmed that SMFG's and SMBC's home country supervisor, the Financial Services Agency of Japan, does not object to SMFG's and SMBC's expansion of activities in the United States to include activities permissible for an FHC.<sup>5</sup> The Board recently determined that SMFG and SMBC are subject to comprehensive consolidated supervision by their home country supervisor.<sup>6</sup>

In evaluating the capital levels and management of SMFG and SMBC, the Board is required to apply standards comparable to those applied to U.S. companies seeking to be financial holding companies, giving due regard to the principle of national treatment and equality of competitive opportunity.<sup>7</sup> This evaluation includes a review of the factors set forth in section 225.92(e) of Regulation Y.<sup>8</sup>

Based on all the facts of record, the Board has determined that SMFG and SMBC are well capitalized and well managed and that their elections to become FHCs are effective as of the date of this letter. In taking this action, the Board relied on all the representations and commitments that SMFG and SMBC made to the Board in connection with their elections. These representations and commitments are conditions imposed in writing and, as such, may be enforced under applicable provisions of law.

The Board's determination is conditioned on compliance by SMFG, SMBC, and any relevant subsidiary of either company with any future final rule implementing section 606(a) of the Dodd-Frank Act. In addition, SMFG and SMBC may continue to claim the benefits of FHC status as long as (i) all of SMFG's and SMBC's U.S. depository institution subsidiaries remain well capitalized and well managed in accordance with the standards set forth in section 225.2 of Regulation Y (12 CFR 225.2), and (ii) SMFG and SMBC remain well capitalized and well managed in accordance with the standards set forth in section 4(l) of the BHC Act, as amended by section 606(a) of the Dodd-Frank Act. Accordingly, SMFG and SMBC must provide notice to the Federal Reserve Bank of New York when they become aware that they or any U.S. depository institution they control ceases to be well capitalized or well managed.<sup>9</sup> Moreover, SMFG and SMBC may not commence any additional activities under sections 4(k) or 4(n) of the BHC Act,<sup>10</sup> or acquire control of a company engaged in activities under those sections, if

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<sup>5</sup> See 12 CFR 225.90(c)(2).

<sup>6</sup> See Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation, FRB Order No. 2012-11 (October 31, 2012).

<sup>7</sup> 12 U.S.C. § 1843(l)(3).

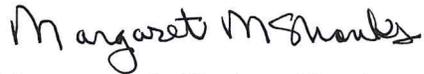
<sup>8</sup> 12 CFR 225.92(e).

<sup>9</sup> See 12 CFR 225.83(b).

<sup>10</sup> 12 U.S.C. §§ 1843(k) and (n).

any U.S. insured depository institution subsidiary receives a rating of less than “satisfactory” under the Community Reinvestment Act.<sup>11</sup> SMFG and SMBC are required to submit form FR Y-7Q quarterly.

Sincerely yours,



Margaret McCloskey Shanks  
Deputy Secretary of the Board

cc: Ivan J. Hurwitz, Vice President  
Federal Reserve Bank of New York

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<sup>11</sup> See 12 CFR 225.84.