



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

October 22, 2015

Scott A. Anenberg, Esq.  
Mayer Brown LLP  
1999 K Street, N.W.  
Washington, DC 20006

Dear Mr. Anenberg:

The Board has reviewed the elections filed by The Desjardins Group and the Fédération des caisses Desjardins du Québec, both of Lévis, Canada, Caisse centrale Desjardins du Québec, Montreal, Canada (collectively, “Desjardins Entities”), and Desjardins FSB Holdings, Inc. (“Holdings”), Hallandale, Florida, to become financial holding companies (“FHCs”) pursuant to sections 4(k) and 4(l) of the Bank Holding Company Act of 1956, as amended (“BHC Act”),<sup>1</sup> and sections 225.82 and 225.91 of the Board’s Regulation Y.<sup>2</sup>

Caisse centrale Desjardins du Québec operates a federal branch in Hallandale, Florida (“Florida Branch”), and the Desjardins Entities, through Holdings, control a national bank, Desjardins Bank, N.A., also in Hallandale, Florida. Accordingly, the Desjardins Entities are foreign banking organizations that are bank holding companies (“BHCs”) under the BHC Act. Holdings is a U.S. BHC.

The Desjardins Entities and Holdings 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

---

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

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

Act of 2010 (“Dodd-Frank Act”).<sup>3</sup> The Desjardins Entities and Holdings have also certified that their U.S. depository institution, Desjardins Bank, N.A., is well capitalized and well managed for purposes of the Board’s Regulation Y.<sup>4</sup>

The Board has reviewed the capital levels and management of each of the Desjardins Entities, Holdings, and Desjardins Bank, as well as the condition of the Florida Branch. The Board has also confirmed that the home country supervisor of the Desjardins Entities, the Autorité des Marchés Financiers (“AMF”), does not object to the expansion of the activities of the Desjardins Entities in the United States to include activities permissible for an FHC.<sup>5</sup> The Board previously determined that the Desjardins Entities were subject to comprehensive consolidated supervision (“CCS”), and the Board has confirmed that they continue to be subject to CCS on substantially the same terms and conditions.<sup>6</sup>

In evaluating the capital levels and management of the Desjardins Entities, the Board is required to apply standards comparable to those applied to U.S. companies seeking to be FHCs, 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>

---

<sup>3</sup> Pub. L. No. 111-203, 124 Stat. 1376-2223 (2010). Section 606(a) of the Dodd-Frank Act amended the BHC Act to require a BHC (including a foreign banking organization that is a BHC) and its subsidiary depository institutions to be well capitalized and well managed in order for the BHC to become an FHC.

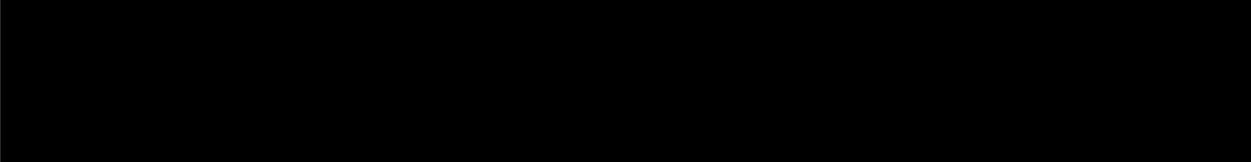
<sup>4</sup> 12 CFR 225.2(r)(2) and 225.2(s).

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

<sup>6</sup> See The Desjardins Group, Fédération des caisses Desjardins du Québec, Caisse centrale Desjardins du Québec, and Desjardins FSB Holdings, Inc., 90 Federal Reserve Bulletin 69 (2004). In determining that the Desjardins Entities are subject to CCS on a consolidated basis, the Board considered the representation by the Desjardins Group that the organization continues to be subject to essentially the same supervisory framework under Québec law since the Board’s CCS determination in 2003.

<sup>7</sup> 12 U.S.C. § 1843(l)(3).

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



Based on all the facts of record, the Board has determined that the Desjardins Entities, Holdings, and Desjardins Bank are well capitalized and well managed and that the Desjardins Entities are subject to comprehensive supervision on a consolidated basis by the AMF. The Board, therefore, has determined that the elections by the Desjardins Entities and Holdings to be FHCs are effective as of the date of this letter. In taking this action, the Board relied on all the representations and commitments that the Desjardins Entities and Holdings 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 the Desjardins Entities and Holdings with any future final rule implementing section 606(a) of the Dodd-Frank Act. In addition, the Desjardins Entities and Holdings may continue to claim the benefits of FHC status as long as the Desjardins Entities, Holdings, and Desjardins Bank each 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, and the Board's Regulation Y,<sup>9</sup> and as long as the Desjardins Entities continue to have at least a satisfactory composite rating for their U.S. branch operations.<sup>10</sup> Accordingly, the Desjardins Entities and Holdings must provide notice to the Federal Reserve Bank of Atlanta when they become aware that they or their U.S. operations cease to be well capitalized or well managed.<sup>11</sup> Moreover, the Desjardins Entities and Holdings may not commence any additional activities under sections 4(k) or 4(n) of the BHC Act,<sup>12</sup> or acquire control of a company engaged in activities under those sections, if they fail to meet

---

<sup>9</sup> 12 CFR part 225, subpart I.

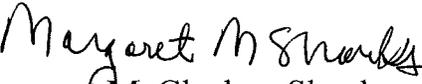
<sup>10</sup> 12 CFR 225.90(c)(1).

<sup>11</sup> See 12 CFR 225.83(b) and 225.93(b).

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

applicable capital and management requirements.<sup>13</sup> The Desjardins Entities are required to submit form FR Y-7Q quarterly.

Sincerely yours,

  
Margaret McCloskey Shanks  
Deputy Secretary of the Board

---

<sup>13</sup> See 12 CFR 225.83 and 225.93. The Desjardins Entities and Holdings also may not commence any additional activities under sections 4(k) or 4(n) of the BHC Act, or acquire control of a company engaged in activities under those sections, if any of their U.S. insured depository institution subsidiaries receives a rating of less than “satisfactory” under the Community Reinvestment Act. See 12 CFR 225.84.