



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

SCOTT G. ALVAREZ  
GENERAL COUNSEL

June 2, 2016

Alan B. Kaplan, Esq.  
Deputy General Counsel, Americas  
Barclays PLC  
745 Seventh Avenue  
New York, New York 10019

Dear Mr. Kaplan:

This responds to your request on behalf of Barclays PLC (“Barclays”) and Barclays Bank PLC (“BBPLC”), both of London, England, for a determination that an application under the Bank Holding Company Act of 1956 (“BHC Act”) would not be required in connection with a corporate reorganization of the ownership of its U.S. subsidiary bank. Barclays and BBPLC are qualifying foreign banking organizations under the Board’s Regulation K and are registered bank holding companies.

Under the proposal, Barclays and BBPLC would transfer its ownership interest in a subsidiary bank holding company, Barclays Delaware Holdings LLC (“BDH”), and its subsidiary state nonmember bank, Barclays Bank Delaware (“Barclays Bank”), both of Wilmington, Delaware, to Barclays Group U.S. Inc. (“Barclays Group”), Wilmington, Delaware, which is currently not a bank holding company. Barclays Group, in turn, is the wholly owned subsidiary of Barclays US LLC (“Barclays US”), a Delaware limited liability company, which also is currently not a bank holding company.

The proposed transaction is an internal corporate rearrangement of companies within the Barclays corporate structure that is being undertaken as part of Barclays’ compliance with the Board’s intermediate holding company (“IHC”) requirement for certain foreign banking organizations.<sup>1</sup> Barclays and BBPLC intend to designate Barclays US as the U.S. IHC.

Section 3 of the BHC Act requires the approval of the Board before any action can be taken that causes any company to become a bank holding company.<sup>2</sup>

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<sup>1</sup> 12 CFR 252.153.

<sup>2</sup> 12 U.S.C. § 1842(a)(1).

Through the proposal described above, Barclays US and Barclays Group would become bank holding companies. Accordingly, Barclays US and Barclays Group would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before acquiring BDH and Barclays Bank.

In certain circumstances, however, the Board's rules provide that a bank holding company may form a subsidiary holding company without the Board's prior approval under section 3 of the BHC Act. Specifically, section 225.12(d)(3) of the Board's Regulation Y provides that a bank holding company need not receive the Board's approval for this type of corporate reorganization where it occurs in the United States and meets certain other criteria.<sup>3</sup> While section 225.12(d)(3) does not apply to transactions that, as here, occur partly outside the United States, your proposal is consistent with the purposes of section 225.12(d)(3) of the Board's Regulation Y.

The transaction represents solely a corporate reorganization involving companies and depository institutions that, both preceding and following the transaction, are lawfully controlled and operated by Barclays and BBPLC. Specifically, the transaction involves only the internal restructuring of the ownership of DBH and its subsidiaries, all companies controlled by Barclays and BBPLC. The transaction does not involve the acquisition of additional voting shares of an insured depository institution that, prior to the transaction, was less than majority-owned by Barclays and BBPLC. Barclays Bank would continue to be held by Barclays through a U.S.-domiciled holding company. The transaction does not raise any supervisory or regulatory concerns, including concerns related to access to information, and does not require any individual or company to enter into new commitments with the Board. BBPLC has previously been determined by the Board to be subject to comprehensive supervision on a consolidated basis.<sup>4</sup> In addition, both before and after the transaction, Barclays and BBPLC would have capital equivalent to capital that would be required of a U.S. banking organization.

Importantly, movement of BDH and Barclays Bank under Barclays' designated IHC is mandated by the Board's IHC rules and is being undertaken here in accordance with those rules. The designation of Barclays US as the U.S. IHC of Barclays Bank, as well as of the other U.S.-based non-branch and -agency operations of Barclays, will facilitate the Board's supervision of Barclays' and BBPLC's operations in the United States.

After consultation with staff in the Division of Banking Supervision and Regulation, the Legal Division believes that no regulatory purpose would be served by requiring Barclays US or Barclays Group to file a formal application under section 3 of

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<sup>3</sup> 12 CFR 225.12(d)(3).

<sup>4</sup> See Barclays PLC, 91 Federal Reserve Bulletin 48 (2005).

the BHC Act in connection with the proposed internal reorganization.<sup>5</sup> This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated to Federal Reserve staff promptly and may cause this opinion to be reconsidered. This opinion also is limited to this proposed transaction and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Michelle Kidd (202-736-5554) or Andrew Hartlage (202-452-6483) of my staff.

Sincerely,

A handwritten signature in blue ink that reads "Scott G. Allen". The signature is written in a cursive style with a large, looping flourish at the end.

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<sup>5</sup> This does not relieve Barclays US or Barclays Group from the requirement to complete the registration requirements described in section 225.5 of Regulation Y (12 CFR 225.5).