



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

October 20, 2016

Donald J. Toumey, Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004-2498

Dear Mr. Toumey:

This is in response to the election filed by Commonwealth Bank of Australia, Sydney, Australia (“CBA”), to be treated as a financial holding company (“FHC”) 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>

CBA operates a federally-licensed branch in New York, New York. Accordingly, CBA is a foreign banking organization that is treated as a bank holding company (“BHC”) under the BHC Act.<sup>3</sup>

CBA has certified that it is 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>4</sup> CBA’s home country supervisor, the Australian Prudential

---

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

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

<sup>3</sup> 12 U.S.C. § 3106(a).

<sup>4</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 treated as a BHC) and its subsidiary depository institutions to be well capitalized and well managed in order for the BHC to become an FHC.

Regulation Authority (“APRA”), confirmed that it has no objection to the expansion of the activities of CBA in the United States to include activities permissible for an FHC.<sup>5</sup>

Based on all the facts of record, it has been determined that CBA is well capitalized and well managed in accordance with the capital and management 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>6</sup> This evaluation included a review of the factors set forth in section 225.92(e) of Regulation Y.<sup>7</sup> In reaching this determination, the home country supervisory system of CBA has been considered and it has been determined that CBA is subject to comprehensive consolidated supervision. The Board has previously determined that the APRA exercises comprehensive consolidated supervision over Australian financial holding companies and banks.<sup>8</sup> CBA has represented that it is supervised by the APRA on substantially the same terms and conditions as those other banks.

For all of the foregoing reasons, the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, acting pursuant to authority delegated by the Board, has determined that the election by CBA to be treated as an FHC is effective as of the date of this letter. In taking this action, the Director relied on all the representations and commitments that CBA made in connection with its election. These representations and commitments are conditions imposed in writing and, as such, may be enforced under applicable provisions of law.

The Director’s determination is conditioned on compliance by CBA with any future final rule implementing section 606(a) of the Dodd-Frank Act. In addition, CBA may continue to claim the benefits of FHC status as long as CBA remains well capitalized and well managed in accordance with the standards set forth in section 4(*I*) of the BHC Act, as amended by section 606(a) of the Dodd-

---

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

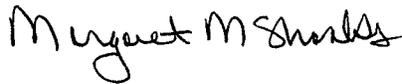
<sup>6</sup> 12 U.S.C. § 1843(*I*)(3).

<sup>7</sup> 12 CFR 225.92(e).

<sup>8</sup> See Australia & New Zealand Banking Group, Ltd., 86 Federal Reserve Bulletin 695 (2000); see also National Australia Bank Ltd., 81 Federal Reserve Bulletin 1153 (1995).

Frank Act, and the Board's Regulation Y.<sup>9</sup> Accordingly, CBA must provide notice to the Federal Reserve Bank of New York when it becomes aware that it or its U.S. operations cease to be well capitalized or well managed.<sup>10</sup> Moreover, CBA may not commence any additional activities under sections 4(k) or 4(n) of the BHC Act,<sup>11</sup> or acquire control of a company engaged in activities under those sections, if it fails to meet applicable capital and management requirements.<sup>12</sup> CBA is required to submit form FR Y-7Q quarterly.

Sincerely yours,



Margaret McCloskey Shanks  
Deputy Secretary of the Board

---

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

<sup>10</sup> See 12 CFR 225.83(b).

<sup>11</sup> 12 U.S.C. §§ 1843(k) and (n).

<sup>12</sup> See 12 CFR 225.83.