

## FEDERAL RESERVE SYSTEM

Banca Antoniana Popolare Veneta S.c.p.a.r.l.  
Padua, Italy

### Order Approving Establishment of a Branch

Banca Antoniana Popolare Veneta S.c.p.a.r.l. (“Bank”), Padua, Italy, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*New York Post*, April 6, 2000). The time for filing comments has expired, and the Board has considered all comments received.

Bank, with total consolidated assets of approximately \$41.9 billion, is a commercial bank and the parent company of a number of banks operating in Italy and San Marino.<sup>1</sup> Bank and its subsidiaries operate an extensive network of branches in Italy and offer a full range of banking services to individual and

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<sup>1</sup>All data are as of June 30, 2000.

corporate customers. Bank also operates a branch in Luxembourg. Bank's shares are widely held, and no shareholder controls more than 1 percent of shares.

The proposed branch is currently operated by Banca Nazionale dell'Agricoltura, S.p.A. ("BNA"), a subsidiary of Bank, which will soon be merged into Bank.<sup>2</sup> Bank has requested authority to retain and continue the operations of the branch.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).<sup>3</sup> The Board may also take into

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<sup>2</sup>Bank acquired BNA in 1999. BNA's merger into Bank is expected to be completed on or about October 1, 2000.

<sup>3</sup>In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign

account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Italy, that those banks were subject to home country supervision on a consolidated basis.<sup>4</sup> Bank is supervised by the Bank of Italy on substantially the same terms and conditions as those other banks. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4);

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and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

<sup>4</sup>*See Banca Sella S.p.A.*, 86 Federal Reserve Bulletin 503 (2000); *Banca Intesa S.p.A.*, 86 Federal Reserve Bulletin 433 (2000); *Istituto Bancario San Paolo di Torino S.p.A.*, 82 Federal Reserve Bulletin 1147 (1996); *Banca di Roma S.p.A.*, 82 Federal Reserve Bulletin 1145 (1996).

12 C.F.R. 211.24(c)(2)-(3)). The Bank of Italy has no objection to the establishment of the proposed branch.

Italy's risk-based capital standards conform to the European Union capital standards, which are consistent with those established by the Basle Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. In addition, Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or

otherwise, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Bank of Italy may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.<sup>5</sup> The

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<sup>5</sup>The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the

commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under

12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors,<sup>6</sup> effective  
September 25, 2000.

(Signed)

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Robert deV. Frierson  
Associate Secretary of the Board

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authority of the New York State Banking Department (“Department”) to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.

<sup>6</sup>Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Meyer and Gramlich. Absent and not voting: Governor Kelley.