

# FEDERAL RESERVE SYSTEM

Banca di Roma, S.p.A.  
Rome, Italy

## Order Approving Establishment of Branches and an Agency

Banca di Roma, S.p.A. (“Bank”), Rome, Italy (formerly known as Minghetti Finanziaria, S.p.A. (“Minghetti”)), 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 retain branches in New York, New York, and Chicago, Illinois, and an agency in San Francisco, California.<sup>1</sup> 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 retain a branch or agency in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in newspapers of general circulation in New York, New York (*New York Post*, June 14, 2002), Chicago, Illinois (*Chicago Tribune*, June 14, 2002), and San Francisco, California (*San Francisco Chronicle*, June 14, 2002). The time for filing comments has expired, and all comments have been considered.

Bank (total consolidated assets of approximately \$118 billion)<sup>2</sup>

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<sup>1</sup> The Banca di Roma banking organization was reorganized effective July 1, 2002. Minghetti was established as a direct subsidiary of the then-existing Banca di Roma (the “old Banca di Roma”), the old Banca di Roma was renamed Capitalia S.p.A. (“Capitalia”), and Minghetti was renamed Banca di Roma. Minghetti acquired old Banca di Roma’s foreign operations, including its U.S. branches and agency. The Board authorized Minghetti to file an application to obtain approval after-the-fact under Regulation K to retain these offices in the United States. See Letter dated June 27, 2002, to Kathleen A. Scott, Esq.

<sup>2</sup> Asset data are as of December 31, 2001.

conducts commercial and foreign banking operations for Capitalia, Italy's fourth largest banking group (total consolidated assets of \$141 billion).<sup>3</sup> Outside Italy and the United States, Bank operates branches in the Cayman Islands, Japan, Lebanon, France, Germany, Hong Kong Special Administrative Region of China, the Peoples' Republic of China, Romania, Singapore, Spain, Turkey, and the United Kingdom.

Bank assumed the existing U.S. operations of Capitalia, its foreign bank parent, in connection with a corporate reorganization. No change in the activities of Bank's New York and Chicago branches or San Francisco agency is anticipated as a result of the reorganization. Those offices conduct full-service banking activities, including making loans, trading financial products, and taking permissible deposits.

In order to approve an application by a foreign bank to retain a branch or agency 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

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<sup>3</sup> Domestic retail and investment banking services are conducted through other Capitalia subsidiaries. Fondazione Cassa di Risparmio di Roma, ABN-AMRO Holding N.V., and Toro Assicurazioni S.p.A. respectively own or control 10.96 percent, 6.61 percent, and 6.61 percent of Capitalia's shares. Capitalia's remaining shares are widely held, with no shareholder owning or controlling more than 5 percent of shares.

country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).<sup>4</sup> The Board may also take into 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)).

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 banks in Italy (including Capitalia), that those banks were subject to home country supervision on a consolidated basis.<sup>5</sup> Bank is and Capitalia remains supervised by the Bank of Italy on substantially the same terms and conditions as those other banks.

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<sup>4</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 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>5</sup> See, e.g., Banca Antoniana Popolare Veneta, S.c.p.a.r.l., 86 Federal Reserve Bulletin 783 (2000); Banca Sella S.p.A., 86 Federal Reserve Bulletin 503 (2000); Banca Intesa, S.p.A., 86 Federal Reserve Bulletin 433 (2000); Banca di Roma S.p.A., 82 Federal Reserve Bulletin 1145 (1996).

Based on all the facts of record, including the above information, it has been determined that Bank and Capitalia are subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The additional standards set forth in section 7 of the IBA and Regulation K (see 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)) have also been taken into account. The Bank of Italy has no objection to Bank's retention of the branches and agency.

Italy has enacted laws, and the Bank of Italy has promulgated implementing regulations, designed to prevent money laundering. The laws and regulations require banks to establish and implement policies, procedures, and controls for the purpose of preventing and detecting money laundering and to report suspicious transactions to appropriate authorities. A bank's compliance with applicable laws and regulations is monitored by the Bank of Italy and the bank's external auditors. Bank has policies and procedures to comply with these laws and regulations.

Italy's risk-based capital standards conform to the European Union capital standards, which are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel 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 branches and agency. In addition, Bank has established controls and procedures for the proposed agency 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

restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and the relevant government authorities have been communicated with regarding access to information. Bank and Capitalia have 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 and Capitalia have 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, it has been determined that Bank and Capitalia have 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 and Capitalia as well as the terms and conditions set forth in this order, Bank's application to retain branches and an agency is hereby approved.<sup>6</sup> 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 or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this

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<sup>6</sup> Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

application also is specifically conditioned on compliance by Bank and Capitalia with the commitments made in connection with this application and with the conditions in this order.<sup>7</sup> The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with this decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board,  
effective August 13, 2002.

(Signed)

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>7</sup> The authority to approve the retention of the branches and agency parallels the continuing authority of the States of New York, Illinois, and California to license offices of a foreign bank. The approval of this application does not supplant the authority of those states or their agents to license the offices of Bank in accordance with any terms or conditions that they may impose.