

MAR 19 1970

Republic National Bank of Dallas,
P. O. Box 5961,
Dallas, Texas. 75222

Gentlemen:

The Board of Governors of the Federal Reserve System grants its permission to Republic National Bank of Dallas, Dallas, Texas, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in Nassau, Bahamas, and to operate and maintain such branch subject to the provisions of such Section and of Regulation M.

In granting this permission, it is understood that the branch will be used for developing new international business and not as a means of shifting loans or deposits from offices in the United States. It is also understood that there is to be no contact with the local public at the branch, and that its quarters, staff, and bookkeeping may, at least in part, be supplied under contract by another party. In view of the special character of this operation, the foregoing permission is granted subject to continuing observation and review by the Board, and after due notice may be withdrawn or modified. The foregoing permission is also granted on the condition that adequate information covering the branch's operations will be maintained at your head office and will be available to the Board and its accredited representatives. The Board should be promptly informed of any modification in the branch's methods of operation, including changes in any contract under which services are supplied to the branch.

Unless the branch is actually established and opened for business on or before April 1, 1971, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, through the Federal Reserve Bank of Dallas, when the branch is opened for business, furnishing information as to the exact location of the branch. The Board should also be promptly informed of any future change in location of the branch in Nassau.

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Under Section 19 of the Federal Reserve Act, deposits payable only at a branch of a member bank located outside of the States of the United States and the District of Columbia are exempt from any limitations on rates of interest prescribed in Section 19 and Regulation Q. Also, deposits at such branches are not generally subject to the reserve requirements of Regulation D (but see Section 213.7 of Regulation M). The general purpose of these exemptions is to allow foreign branches of United States banks to compete abroad with foreign banks. In these circumstances, it has long been and continues to be the policy of the Federal Reserve System to discourage deposits by United States residents at foreign branches of United States banks unless such deposits have been placed to serve a definite, necessary purpose in connection with foreign or international transactions outside the United States.

With respect to the establishment of foreign branches, funds provided by home office (whether in the form of allocated capital, advances, or otherwise) should be regarded as foreign assets for purposes of the foreign credit restraint effort. In view of the Board's concern with minimizing the impact of foreign investments on the balance of payments, the above consent is given with the understanding that in the conduct of the branch's operations maximum reliance will be placed on resources obtained outside the United States. Accordingly, it is understood that any investment required will be made within the guidelines established under the foreign credit restraint effort now in effect as they apply to the foreign lending and investment activities of your bank and that due consideration is being given to the priorities contained therein.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Deputy Secretary.

cc: Vice President Sullivan, FRB of Dallas.
Comptroller of the Currency.
Mrs. Plummer.

JJP:dac
3-9-70

MAR 19 1970

Approved
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REC'D IN RECORDS SECTION

MAR 30 1970

421.2-71

March 9, 1970.

APPLICATION REQUIRING BOARD ACTION

Date

March 9, 1970.

Federal Reserve District 11.

By: Republic National Bank of Dallas, Dallas, Texas.

For: Permission to establish a branch (with nonresident license) in Nassau, Bahamas.

SUMMARY

Applicant proposes to establish a branch in Nassau, Bahamas, in quarters to be leased from World Banking Corporation, Limited, Nassau, Bahamas. The leased quarters will be located within the latter corporation's premises, and the branch will be staffed by employees of that corporation. The fee to be charged the bank by World Banking Corporation, Limited for rental of space, employees' salaries, and other miscellaneous expenses relating to the branch is \$15,000 per year. All operations of the branch will be conducted from the bank's head office in Dallas.

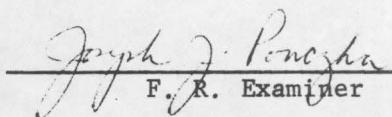
The applicant's purpose for proposing the establishment of the branch is to facilitate its dealings in the Eurodollar market. No local business will be conducted by the branch. Applicant's London branch is to be opened in June.

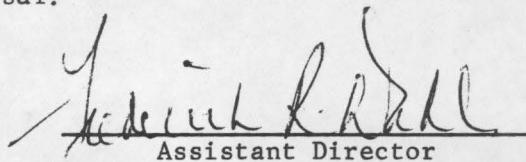
Additional details pertaining to the proposal are included in the attached memorandum from the Federal Reserve Bank of Dallas.

RECOMMENDATIONS AND CLEARANCES

Both the Department of State and the Office of the Comptroller of the Currency have advised that they have no objections to the proposed branch.

Both the Federal Reserve Bank of Dallas and the Division of Supervision and Regulation recommend approval of the proposal.


Joseph J. Poncha
F. R. Examiner


Michael R. Hall
Assistant Director

FOREIGN CREDIT RESTRAINT PROGRAM

As of January 31, 1970, Republic National Bank of Dallas had outstandings of \$24,032,000, and adjusted ceiling of \$43,335,000.

Attachments - Memorandum from the FRB of Dallas dated 2-25-70.
Proposed letter.

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