



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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 11, 1997

John L. Douglas, Esq.
Alston & Bird
One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309-3424

Dear Mr. Douglas:

This is in response to the request of Fortis, an international insurance and banking group based in Belgium and the Netherlands, for a temporary exemption under section 4(c)(9) of the Bank Holding Company Act ("BHC Act"). Fortis is a group of companies the ultimate parents of which are Fortis AG, Brussels, Belgium, and Fortis AMEV, Utrecht, the Netherlands. Fortis's U.S. activities are primarily in the insurance, mutual fund, and asset management businesses.

Fortis became subject to the BHC Act when it acquired a controlling interest in MeesPierson, N.V. ("MeesPierson"), Amsterdam, the Netherlands, which operates an agency in New York, New York, and a representative office in Dallas, Texas. Fortis is required to bring its operations into compliance with the BHC Act within two years of the date on which it became subject to the act. Fortis expects to comply with the BHC Act by closing MeesPierson's U.S. banking offices no later than March 6, 1998. Absent an exemption under section 4(c)(9) of the BHC Act, however, Fortis would be precluded from acquiring any company that is engaged in activities that are impermissible for a bank holding company until such time as MeesPierson had terminated its U.S. banking operations.

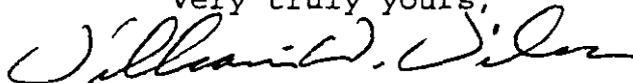
Fortis has requested an exemption under section 4(c)(9) that would allow it, during the period in which the MeesPierson U.S. banking offices are being closed: (1) to acquire companies engaged in insurance, mutual fund, and asset management activities in the United States, subject to certain restrictions; (2) to make other acquisitions of companies as part of Fortis's current activities in the United States, such as venture capital investments and consumer finance companies, so long as the aggregate acquisition price paid by Fortis for all such investments or companies does not exceed \$250 million; and (3) to expand its non-U.S. business without limitation as if it were a qualified foreign banking organization as defined in the Board's Regulation K.

The Board has determined that, subject to the conditions and limitations specified herein, the grant of a

The Board has determined that, subject to the conditions and limitations specified herein, the grant of a temporary exemption under section 4(c)(9) of the BHC Act to Fortis would not be substantially at variance with the purposes of the BHC Act and would be in the public interest. Fortis is a foreign organization that conducts a predominantly foreign business, and the acquisition of MeesPierson was motivated by non-U.S. business reasons. Under these circumstances, the Board believes it would be in the public interest to limit the effects of U.S. regulation on a transaction such as this that occurs outside the United States for reasons unrelated to the U.S. market, provided that the exemption does not grant a substantial competitive advantage to the foreign organization or have other adverse effects in the United States. To avoid the potential for adverse competitive consequences, MeesPierson is prohibited from expanding its U.S. banking operations, and Fortis may expand its U.S. insurance, mutual funds, asset management, and related activities on a limited basis.

Based on all the facts of record, the Board has determined to grant Fortis's request. This determination is subject to the conditions imposed by the Board and the commitments made by Fortis and MeesPierson as outlined in the attachment to this letter. This determination is also subject to modification by the Board if new facts are presented that change the public interest factors that the Board has considered. The commitments and representations relied upon in reaching this decision are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

Very truly yours,



William W. Wiles
Secretary of the Board

Attachment

cc: Philip G. Jackson
Federal Reserve Bank of Chicago

COMMITMENTS OF FORTIS AND MEESPIERSON IN CONNECTION WITH
FORTIS'S ACQUISITION OF MEESPIERSON

Termination of banking operations

No later than March 6, 1998, MeesPierson N.V. ("MeesPierson") shall terminate the operations of its agency in New York, New York, and its representative office in Dallas, Texas, and otherwise shall maintain no operations in the United States that would cause MeesPierson to be deemed a "foreign banking organization" as defined in the Board's Regulation K;

No later than thirty (30) days following the Board's action on Fortis's request for a waiver under Section 4(c)(9) of the BHC Act, MeesPierson shall provide to the Federal Reserve Board a business plan for complying with the foregoing commitment, and shall thereafter file any periodic progress reports requested by Board staff;

MeesPierson will make such commitments as required by the Board to ensure that MeesPierson, after de-banking, will not be engaging in the business of banking in the United States; and

MeesPierson shall ensure that the total assets and liabilities of MeesPierson's New York Agency as reported on Form FFIEC 002 do not exceed the total assets and liabilities reported as of December 31, 1996, provided, that for the period from March 6, 1997, until June 30, 1997, the assets shall not have exceeded \$650 million.

Corporate and Operational Separation in Europe and the United States

MeesPierson will be and remain a separate corporate entity in the Netherlands and the United States, and no U.S. subsidiaries of MeesPierson will be combined or consolidated on a legal, operational, or organizational basis with any other Fortis entity operating in the United States. Notwithstanding the foregoing, MeesPierson may be consolidated, either legally, operationally, or organizationally, with Metropolitan Bank, VSB Bank, Crédit à l'Industrie, or ASLK-CGER Bank (subject to applicable application and other requirements under the International Banking Act of 1978, as amended), but following such consolidation, the consolidated entity will be subject to the commitments contained herein with respect to MeesPierson. Further, no steps will be taken in product marketing programs (including advertising) to identify Fortis's insurance and other nonbanking companies

operating in the United States as being related to MeesPierson's banking operations in the United States, and vice versa.

Operational Separation in the United States

In the United States, there will be no cross-marketing of MeesPierson's banking products by Fortis's insurance or other nonbanking companies, and no cross-marketing of Fortis's insurance or other nonbanking products by any office or subsidiary of MeesPierson; Fortis and MeesPierson will not engage in joint business ventures, share customer lists, or otherwise share information relating to the customers of either. Neither Fortis nor MeesPierson shall consult with or coordinate with each other on investment or other policies in the United States.

Neither Fortis nor MeesPierson, nor any of their respective subsidiaries, branches, or agencies wherever located, shall make credit available in any form for the purpose of financing the other's operations in the United States or otherwise finance any subsidiary company of the other in the United States.

In the United States, MeesPierson will not provide banking services for Fortis; Fortis will not provide insurance services for MeesPierson.^{1/}

Limitations on Banking Activities in the United States

MeesPierson may not expand by acquisition of any U.S. depository institution, whether existing or de novo. MeesPierson may not establish a branch, or establish agencies, by merger with, or acquisition of all, or substantially all, of the assets of a company, branch, or bank.

Limitations on Nonbanking Activities in the United States

MeesPierson may not expand its nonbanking activities through acquisition of an existing company in reliance on section 4(c)(8) of the BHC Act unless the company is engaged in activities permissible under section 4(c)(8) of the BHC Act and the Board determines that approval would be consistent with considerations of competitive equality and this exemption.

Until such time as MeesPierson has terminated the operations of its New York, New York, agency and its Dallas, Texas, representative office and Fortis and MeesPierson are no longer deemed to be "foreign banking organizations" as defined in the Board's Regulation K, Fortis may not engage in any acquisition of

^{1/} Nothing contained herein shall prohibit Fortis from supplying insurance for the employees of MeesPierson in connection with employee benefit and similar programs.

a company or companies conducting activities in the United States except for acquisitions of companies engaged in the following lines of business subject to the limitations below:

Companies engaged in the insurance business, including life, health and accident, annuities, property and casualty insurance, with an aggregate market share not to exceed 0.6 percent (as measured by recognized industry statistics based on net premiums written).

Companies or entities engaged in the mutual funds and related asset management businesses, with an aggregate market share not to exceed 0.5 percent of the asset management business based upon assets under management by U.S.-based funds and managers (as measured by recognized industry statistics).

Other businesses reasonably related to Fortis's current activities in this country, provided that the aggregate consideration paid by Fortis for such businesses during the exemption period does not exceed \$250 million.

Fortis will notify Board staff prior to any such acquisition, shall provide relevant financial and market share information, and shall consult with Board staff regarding questions or interpretations arising under these limitations.