



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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 19, 1997

Anthony F. Essaye, Esq.
Rogers & Wells
607 Fourteenth Street, NW
Washington, DC 20005-2018

Dear Mr. Essaye:

This is in response to the letters dated August 8, 1996, and February 6, 1997, from Compagnie Financière de Paribas and its subsidiary, Banque Paribas, both of Paris, France (collectively, "Paribas"), requesting relief from a commitment made by Paribas in connection with a Board determination on December 6, 1991, allowing Paribas to increase its interest in Finaxa, a French company. Finaxa indirectly owns controlling interests in the Equitable Life Assurance Society of the United States ("Equitable") and Donaldson, Lufkin & Jenrette ("DLJ"), both of New York, New York. DLJ is a registered broker-dealer that engages in underwriting.

On July 16, 1991, the Board granted Paribas an exemption under section 4(c)(9) of the Bank Holding Company Act to retain 20.2 percent of Finaxa's equity (representing approximately 15 percent of the voting rights) following Paribas's indirect acquisition of Equitable and DLJ. Under Regulation K, a foreign bank may not own more than 5 percent of the shares of any company that engages directly or indirectly in securities activities in the United States that are not permitted for a bank holding company. Without the exemption under section 4(c)(9), Paribas would not have been able to retain its shares in Finaxa after Finaxa acquired indirectly its controlling interest in DLJ. In connection with its application, Paribas made several commitments designed to ensure that it would not derive a material competitive advantage in the United States over U.S. banking organizations as a result of Finaxa's indirect acquisition of Equitable and DLJ.

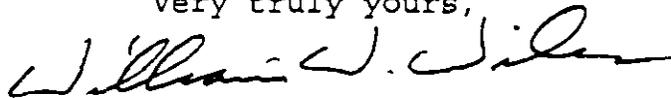
Subsequently, Paribas requested the Board's approval to increase its interest in Finaxa to approximately 28 percent of the equity (representing approximately 21 percent of the voting rights). On December 6, 1991, the Board granted Paribas's request, subject to compliance with additional commitments designed to ensure that Paribas's increased equity interest would not enable it to exert control over Finaxa. One of these commitments was that Paribas would terminate its two director interlocks with Finaxa.

In July 1996, Paribas reduced its equity interest in Finaxa to 23.7 percent (representing approximately 15 percent of the voting rights). Paribas has requested relief from the commitment regarding the director interlocks in order to restore its two representatives to Finaxa's board.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation ("Director"), acting pursuant to authority delegated by the Board under the Board's Rules Regarding Delegation of Authority (12 C.F.R. § 265.7(a)(2)), and after consulting with the General Counsel of the Board, has determined to approve Paribas's request to reinstate the two director interlocks with Finaxa. In granting this approval, the Director has relied on the representations made in Paribas's request, among which is the statement that Paribas will retain all of its Finaxa shares in bearer form and, thus, will not receive the double voting rights to which such shares would otherwise be entitled.

This action is based on the representations made in Paribas's submissions. Any change in the facts presented could result in a different conclusion and should be reported to staff immediately. This approval should not be construed as granting relief from any other conditions or commitments to which Paribas may be subject.

Very truly yours,



William W. Wiles
Secretary of the Board

cc: John S. Cassidy
Federal Reserve Bank of New York