



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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 19, 1997

Isaac B. Lustgarten, Esq.
Schulte Roth & Zabel LLP
900 Third Avenue
New York, NY 10022

Dear Mr. Lustgarten:

This letter responds to your request, submitted on behalf of Stichting Prioriteit ABN AMRO Holding, Stichting Administratiekantoor ABN AMRO Holding, ABN AMRO Holding N.V., and ABN AMRO Bank N.V., all of Amsterdam, The Netherlands (collectively, "ABN AMRO"), for one-time relief from the section 20 firewalls to permit ABN AMRO's section 20 subsidiary, ABN AMRO Chicago Corporation ("Company"), to underwrite the initial public offering of American depository receipts ("ADRs") of ABN AMRO Holding N.V. ("ABN Holding").

The Board previously authorized Company to underwrite and deal in a full range of debt and equity securities on a limited basis and to engage in other securities related activities.^{1/} This approval was conditioned on compliance with the section 20 firewalls, including Firewall 20, which prohibits a section 20 subsidiary from underwriting or dealing in bank-ineligible securities issued by an affiliate unless the securities are: (1) rated by an unaffiliated nationally recognized statistical rating organization; or (2) issued or guaranteed by FNMA, FHLMC or GNMA. Because the ADRs to be issued by ABN Holding will not be rated or guaranteed by an agency, Firewall 20 would prohibit Company from participating in these underwritings.

In your letter, you indicate that Company would underwrite no more than 20 percent of ABN Holding's offering, which will be conducted by a syndicate of underwriters, including at least nine U.S. investment banks. You also note that Morgan Stanley & Co. ("Morgan Stanley") will serve along with Company as the co-lead manager of the underwriting. You indicate that, in its

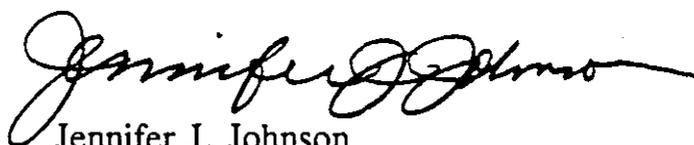
^{1/} See ABN AMRO Bank, N.V., 83 Federal Reserve Bulletin 138 (1997).

role as joint lead manager, Morgan Stanley will be responsible for making proper disclosures and conducting the appropriate due diligence investigations. Morgan Stanley also will set the minimum price of the securities issue as the "qualified independent underwriter" under Rule 2720 of the rules of the National Association of Securities Dealers ("NASD").

The Director of the Division of Banking Supervision and Regulation ("Director"), after consultation with the General Counsel of the Board and acting pursuant to authority delegated by the Board of Governors (12 C.F.R. 265.7(a)(2)), has determined that the circumstances involved in this proposal, particularly that the offering will be conducted by a large syndicate of underwriters, that Company will underwrite only 20 percent of the offering, and that Company will not be primarily responsible for due diligence or pricing the underwriting, mitigate the potential for conflicts of interest that Firewall 20 was intended to prevent. Based on the representations and commitments made by ABN AMRO, and all other facts of record, the Director has determined that Company may participate in the proposed ADR underwriting in the manner described in the proposal.

The approval should not be construed as applying to any transactions other than that which is specifically set forth above and does not give relief from any other conditions or commitments, or authorize any other activities.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer J. Johnson", with a long, sweeping horizontal line extending to the right.

Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of Chicago