

FEDERAL RESERVE SYSTEM

CaixaBank, S.A.
Barcelona, Spain

Order Approving Establishment of a Representative Office

CaixaBank, S.A. (“CaixaBank”), Barcelona, Spain, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA¹ to establish a representative office in New York, New York. 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 establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*New York Times*, July 11, 2013). The time for filing comments has expired, and all comments received have been considered.

CaixaBank, with total consolidated assets of approximately \$470 billion, is the third largest bank in Spain.² CaixaBank engages in a range of commercial and retail banking activities in Spain and internationally and currently has no direct operations in the United States. Outside Spain, CaixaBank operates branches in Poland, Romania, and Morocco. It also maintains representative offices in Europe, Asia, the Middle East, and South America. CaixaBank owns

¹ 12 U.S.C. § 3107(a).

² Asset and ranking data are as of December 31, 2013.

approximately 46 percent of the shares of Banco BPI S.A., Porto, Portugal.³

Approximately 64 percent of CaixaBank's shares are owned by Caja de Ahorros y Pensiones de Barcelona ("La Caixa"), Barcelona, a licensed savings bank.⁴ No other shareholder owns 5 percent or more of CaixaBank's shares.

The proposed representative office would act as a liaison between CaixaBank's head office and customers in the United States. The proposed representative office would also conduct research, perform preliminary and servicing steps in connection with lending, and perform back-office functions.⁵

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a representative office, the Board must consider whether (1) the foreign bank has furnished to the Board the information it needs to assess

³ In November 2013, the Board approved the establishment of representative offices in New Jersey and Massachusetts by Banco BPI. Banco BPI, S.A., FRB Order No. 2013-9 (November 18, 2013). CaixaBank also owns approximately 17 percent of the shares in Bank of East Asia ("BEA"), Hong Kong, which is a bank holding company for the purposes of the Bank Holding Company Act of 1956, as amended ("BHC Act"). CaixaBank has provided passivity commitments to the Board to help assure that CaixaBank's ownership in, and business relationships with, BEA would not enable CaixaBank and its affiliates to exercise a controlling influence over BEA for the purposes of the BHC Act.

⁴ La Caixa does not issue shares and is not owned by any other company or individual. It is governed, represented, and controlled by a General Assembly, a board of directors and a Control Committee. These governing bodies comprise representatives of deposit holders, founding entities, community-interest institutions, local authorities, and employees.

⁵ A representative office may engage in representational and administrative functions in connection with the banking activities of the foreign bank, including soliciting new business for the foreign bank, conducting research, acting as a liaison between the foreign bank's head office and customers in the United States, performing preliminary and servicing steps in connection with lending, and performing back-office functions. A representative office may not contract for any deposit or deposit-like liability, lend money, or engage in any other banking activity. 12 CFR 211.24(d)(1).

the application adequately, (2) the foreign bank and any foreign bank parent engage directly in the business of banking outside of the United States, and (3) the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their home country supervisor.⁶ The Board also considers additional standards set forth in the IBA and Regulation K.⁷

⁶ 12 U.S.C. § 3107(a)(2); 12 CFR 211.24(d)(2). In assessing the supervision standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which 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 the 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; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

⁷ See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2). These standards include: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank's record of operation. The Board may also, in the case of a foreign bank that presents a risk to the stability of the United States, take into account, to the extent appropriate, whether the home country of the foreign bank has adopted, or is making demonstrable progress toward adopting, an appropriate system of financial regulation for the financial system of such home country to mitigate such risk. 12 U.S.C. § 3105(d)(3)(E).

As noted above, CaixaBank engages directly in the business of banking outside the United States.⁸ CaixaBank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

The Board has previously determined, in connection with applications involving other banks in Spain, that those banks were subject to home country supervision on a consolidated basis by their home country supervisor, the Bank of Spain.⁹ CaixaBank and La Caixa are supervised by the Bank of Spain on substantially the same terms and conditions as those other banks. Based on all the facts of record, including the above information, it has been determined that CaixaBank and La Caixa are subject to comprehensive supervision on a consolidated basis by their home country supervisor. The Bank of Spain has no objection to the establishment of the proposed representative office.

CaixaBank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally. Taking into consideration CaixaBank's record of operation in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are consistent with approval of the proposed representative office.

⁸ La Caixa engages in the business of banking outside the United States indirectly through CaixaBank.

⁹ See, e.g., Bankia, S.A. (order dated December 16, 2011), 98 Federal Reserve Bulletin 42 (4th Quar. 2011); Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja, et al. (order dated December 17, 2010), 97 Federal Reserve Bulletin 4 (4th Quar. 2010); and Caja de Ahorros y Monte de Piedad de Madrid, et al. (order dated October 16, 2008), 95 Federal Reserve Bulletin B23 (2009).

Spain is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering and terrorist financing. In accordance with these recommendations, Spain has enacted laws and developed regulatory standards to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Spain, and Spanish financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. CaixaBank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money-laundering compliance.

CaixaBank and La Caixa have committed to make available to the Board such information on their operations and on any of their affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, CaixaBank and La Caixa 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 Spain may share information on CaixaBank'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 CaixaBank and La Caixa have provided adequate assurances of access to any necessary information that the Board may request.

The proposal would not appear to affect financial stability in the United States. In particular, the absolute and relative size of CaixaBank in its home country; the scope of CaixaBank's activities, including the types of activities it proposes to conduct in the United States and the potential for those activities to

increase or transmit financial instability; and the framework in place for supervising CaixaBank in its home country do not appear to create significant risk to the financial stability of the United States. Based on these and other factors, financial stability considerations in this proposal are consistent with approval.

On the basis of all the facts of record, and subject to commitments made by CaixaBank and La Caixa, CaixaBank's application to establish the proposed representative office is hereby 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.¹⁰ Should any restrictions on access to information on the operations or activities of CaixaBank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by CaixaBank or its affiliates with applicable federal statutes, the Board may require termination of any of CaixaBank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by CaixaBank with the conditions imposed in this order and the commitments made to the Board in connection with this application.¹¹ For purposes of this action, these commitments and conditions

¹⁰ 12 CFR 265.7(d)(12).

¹¹ The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York or its agent, the New York State Department of Financial Services, to license the proposed office of CaixaBank in accordance with any terms or conditions that they may impose.

are deemed to be conditions imposed by the Board in writing in connection with this decision and, as such, may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board,
effective May 12, 2014.

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board