

FEDERAL RESERVE SYSTEM

ABN AMRO Bank N.V.
Amsterdam, The Netherlands

Order Approving Establishment of a Representative Office

ABN AMRO Bank N.V., Amsterdam, The Netherlands (“Bank”), 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 submit comments, has been published in a newspaper of general circulation in New York (*The New York Times*, January 26, 2010). The time for filing comments has expired, and all comments received have been considered.

Bank, with total consolidated assets of approximately \$276 billion, is the third largest bank in The Netherlands.² Bank is indirectly owned by a consortium (“Consortium”) composed of the government of The Netherlands, the Royal Bank of Scotland Group plc (“RBS”), and Banco Santander S.A. (“Santander”).³ Bank is a newly licensed entity resulting from the decision by the Consortium to divide the businesses of the entity formerly called ABN AMRO Bank (“Former ABN AMRO”). Certain assets of Former ABN AMRO (“State Allocated Assets”) have been allocated by the Consortium

¹ 12 U.S.C. § 3107(a).

² Data are as of September 30, 2009, and are on a pro forma basis.

³ Bank is wholly owned by RFS Holdings B.V., a Netherlands corporation (“RFS”). RBS owns 38.3 percent of RFS, the government of The Netherlands owns 33.8 percent, and Santander owns 27.9 percent. The government of the United Kingdom owns 84 percent of RBS.

to the government of The Netherlands. On February 6, 2010, the State Allocated Assets were transferred to Bank from Former ABN AMRO, and Former ABN AMRO was renamed The Royal Bank of Scotland N.V. The members of the Consortium remained the indirect parents of Bank after the transfer. In a transaction scheduled to occur on March 31, 2010, the government of The Netherlands will become the sole owner of Bank.

The operations of Former ABN AMRO allocated to Bank include The Netherlands business, the global private client business, most of the global asset management business, and the global diamond and jewelry financing business. Subject to receipt of required regulatory approvals, Bank plans to operate branch offices in Belgium, Dubai, Hong Kong, India, Japan, Jersey, and Singapore; a representative office in Spain; and subsidiaries in Botswana, France, Germany, Luxembourg, and Switzerland. The proposed New York representative office will solicit loans and market other products of Bank in the United States, perform preliminary and servicing steps in connection with lending, and act as a liaison between Bank and its prospective U.S.-based customers.⁴

In acting on an application under the IBA and Regulation K by a foreign bank to establish a representative office, the Board shall take into account whether (1) the foreign bank has furnished to the Board the information it needs to assess 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.⁵ The Board may also consider additional standards set

⁴ 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).

⁵ 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,

forth in the IBA and Regulation K.⁶ The Board will consider that the supervision standard has been met if it determines that the applicant bank is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities. This is a lesser standard than the comprehensive, consolidated supervision standard applicable to applications to establish branch or agency offices of a foreign bank. The Board considers the lesser standard sufficient for approval of representative office applications because representative offices may not engage in banking activities.⁷ This application has been considered under the lesser standard.

As noted above, Bank engages directly in the business of banking outside the United States. Santander also engages directly in the business of banking outside the United States. Bank has provided the Board with information necessary to assess the application through submissions that address the relevant issues. At the proposed representative office, Bank may engage only in activities permissible for a representative

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.

⁶ 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. See also Standard Chartered Bank, 95 Federal Reserve Bulletin B98 (2009).

⁷ See 12 CFR 211.24(d)(2).

office under Regulation K, which include the proposed solicitation and customer-liaison activities noted above.⁸

With respect to supervision by home country authorities, the Board has considered that Bank is supervised by De Nederlandsche Bank N.V. (“DNB”), the primary regulator of financial institutions in The Netherlands. The Board previously has considered the supervisory regime in The Netherlands for financial institutions in connection with applications involving other Netherlands banks.⁹ Bank is supervised by the DNB on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities.¹⁰

The additional standards set forth in section 7 of the IBA and Regulation K have also been taken into account.¹¹ The DNB has no objection to the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration the record of operation of Former ABN AMRO 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. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed

⁸ See supra note 4.

⁹ See Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, 89 Federal Reserve Bulletin 81 (2003); see also ING Bank, 85 Federal Reserve Bulletin 448 (1999).

¹⁰ Santander has been found to be subject to comprehensive consolidated supervision by the Bank of Spain. See, e.g., Banco Santander S.A., 85 Federal Reserve Bulletin 441 (1999). The Royal Bank of Scotland plc, a United Kingdom bank subsidiary of RBS, has been found to be subject to comprehensive consolidated supervision by the United Kingdom Financial Services Authority. The Royal Bank of Scotland plc, 93 Federal Reserve Bulletin C104 (2007).

¹¹ See supra note 6.

representative office to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

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

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities regarding access to information. Bank and Santander have committed to make available to the Board such information on Bank's operations and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and Santander 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 DNB may share information on Bank'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 Bank and Santander have provided adequate assurances of access to any necessary information that the Board may request.

Based on the foregoing and all the facts of record, Bank's application to establish the representative office is hereby approved.¹² Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and Santander with the conditions imposed in this order and the commitments made to the Board in connection with this application.¹³ For purposes of this action, these commitments and conditions are deemed to be conditions imposed by the Board in writing in connection with these findings and decision and, as such, may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board, effective February 26, 2010.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

¹² 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.

¹³ 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 Banking Department ("Department"), to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.