

FEDERAL RESERVE SYSTEM

ING Bank N.V.
Amsterdam, The Netherlands

Order Approving the Establishment of a Representative Office

ING Bank N.V. (“ING Bank”), Amsterdam, The Netherlands, a foreign bank within the meaning of the International Banking Act of 1978 (“IBA”), has applied under section 10(a) of the IBA¹ to establish a representative office in Dallas, Texas. 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 Dallas, Texas (*The Dallas Morning News*, June 25, 2017). The time for submitting comments has expired, and the Board has considered all comments received.

ING Bank is a wholly owned subsidiary of ING Groep N.V. (“ING Group”), Amsterdam, The Netherlands. ING Group, with total assets of \$983.5 billion, is one of the world’s largest financial services providers, offering commercial and investment banking, asset management, and related products and services. ING Group shares are widely held, with BlackRock, Inc., New York, New York, being the only shareholder that holds five percent or more of its voting shares.²

¹ 12 U.S.C. § 3107(a).

² Stichting Continuïteit ING, Amsterdam, The Netherlands (“Stichting”), a foundation organized to ensure ING Group’s continuity in the event of a hostile takeover attempt, holds call options exercisable for as much as one-third of ING Group’s issued share capital. Stichting engages in no activities other than holding the ING Group call options

ING Bank, with total assets of approximately \$983.5 billion, is the largest bank in the Netherlands by asset size.³ ING Bank engages in retail, wholesale, and international banking and operates in Europe, North and South America, Asia, and Australia. In the United States, ING Bank operates a representative office in New York, New York (the “New York Representative Office”), and operates subsidiaries that engage in securities brokerage and dealing, swaps dealing, and wholesale financial lending and advisory services.

The proposed representative office would act as a liaison with U.S. clients and prospective clients of ING Bank. The proposed representative office also would engage in other representational activities, including marketing and conducting research.⁴

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 the application adequately, (2) the foreign bank and any foreign bank parent engage directly in the business of banking outside the United States, and (3) the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their

and is not regulated as a financial institution by De Nederlandsche Bank or the European Central Bank.

³ Asset and ranking data are as of June 30, 2017.

⁴ A representative office may engage in representational and administrative functions in connection with the banking activities of a 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).

home country supervisor.⁵ The Board also considers additional standards set forth in the IBA and Regulation K.⁶

The Board previously determined, in connection with ING Bank's application to establish the New York Representative Office, that ING Bank was subject to comprehensive supervision on a consolidated basis by De Nederlandsche Bank ("DNB").⁷ As of November 4, 2014, ING Bank is subject to the direct prudential supervision of the European Central Bank ("ECB") within the context of the Single Supervisory Mechanism ("SSM") because the total value of its assets exceeds €30 billion

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, 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 and relationships 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 the following: 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 towards 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).

⁷ ING Bank, N.V., 85 Federal Reserve Bulletin 448 (1999).

and it is one of the three largest banks in a Member State of the European Union. The SSM is a system of financial supervision composed of the ECB and the national competent authorities of the participating Member States in which specific tasks are allocated between the ECB and each national competent authority. Under the SSM, the ECB has direct prudential supervisory responsibility for ING Bank, while the DNB, as the relevant national competent authority for ING Bank, retains supervisory authority over all other areas, including consumer protection and the prevention of money laundering and terrorist financing.

The methodologies and standards that underpin the day-to-day supervision of large European Union banking organizations by the ECB under the SSM regulatory framework are aimed at achieving a consistent supervisory approach across the European Union. The Board has previously found that three other European banking organizations supervised by the SSM and the relevant national competent authority are subject to comprehensive consolidated supervision.⁸ The supervisory processes of the DNB and the system of supervision applied to all large banks within the European Union have not changed materially since they were last considered by the Board.

Based on all the facts of record, including the above information, the Board determined that ING Bank is subject to comprehensive supervision on a consolidated basis by the ECB and the DNB acting through the SSM.

The Board also has considered the following additional standards set forth in the IBA and Regulation K: (1) 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; (2) the financial and managerial resources of the bank;

⁸ See Board letter to Rita Milazzo dated August 1, 2017 (comprehensive consolidated supervision for Banco Bilbao Vizcaya Argentaria, S.A.); Board letter to Andrea Tokheim dated July 24, 2017 (comprehensive consolidated supervision for Bank of Ireland Group plc); and Unione di Banche Italiane, S.p.A., FRB Order 2016-01 (January 19, 2016).

(3) whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; and (4) whether the bank's home country supervisor has consented to the establishment of the office.⁹

The Netherlands is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering and international terrorism. In accordance with those 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 credit institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering. ING Bank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money-laundering compliance.

ING Bank appears to have the experience and capacity to support the proposed representative office. In addition, ING Bank 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 ING Bank's record of operations in its home country and in the United States, its overall financial resources, and its standing with its home country supervisors, financial and managerial factors are consistent with approval of the proposed representative office.

ING Bank has committed to make available to the Board such information on the operations of ING Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, ING Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that

⁹ See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2).

might be required from third parties for the disclosure of such information. In addition, subject to certain conditions, the ECB and the DNB may share information on ING 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 ING Bank has provided adequate assurances of access to any necessary information that the Board may request. In addition, the ECB has no objection to the establishment of the proposed representative office.

The Board has also considered whether ING Bank's proposal would present a risk to the stability of the United States. The proposal would not appear to affect financial stability in the United States. In particular, the absolute and relative size of ING Bank in its home country; the scope of ING Bank'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 ING Bank 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 ING Bank, ING Bank's application to establish the proposed representative office is hereby approved by the Director of the Division of 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 ING Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by ING Bank or its affiliates with applicable federal statutes, the Board may require termination of any of ING Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by ING Bank with the conditions imposed in this

¹⁰ 12 CFR 265.7(d)(12).

order and the commitments made to the Board in connection with this application.¹¹ For purposes of this action, these commitments and conditions 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 October 20, 2017.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

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