

FEDERAL RESERVE SYSTEM  
Cooperativa de Ahorro y Credito Elga, Ltda.  
Tegucigalpa, Honduras

Order Approving the Establishment of a Representative Office

Cooperativa de Ahorro y Credito Elga, Ltda. (“ELGA”), Tegucigalpa, Honduras, a foreign bank within the meaning of the International Banking Act of 1978 (“IBA”), has applied under section 10(a) of the IBA<sup>1</sup> to establish a representative office in Miami, Florida (the “Miami Representative Office”). 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 Miami, Florida (*The Miami Herald*, November 1, 2022). The time for submitting comments has expired, and the Board did not receive any comments.

ELGA, with total assets of approximately \$355 million, operates as a cooperative banking institution in Honduras. It is the largest cooperative banking institution, and the 12th largest banking institution overall, in Honduras by asset size.<sup>2</sup> As a cooperative banking institution, ELGA is a not-for-profit enterprise that is owned collectively by customers who maintain deposit accounts with ELGA, who are referred to as members. ELGA is an open cooperative, and all Honduran nationals and residents over the age of 16 may become members, including Honduran nationals residing outside

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<sup>1</sup> 12 U.S.C. § 3107(a).

<sup>2</sup> Asset data, as provided by ELGA, are as of June 30, 2025, while ranking data, also provided by ELGA, are as of December 31, 2022.

of Honduras. No member or member group amounts to more than 5 percent, in the aggregate, of ELGA's total membership or deposits, and no member owns 5 percent or more of ELGA's voting shares. ELGA operates throughout Honduras, offering a full range of deposit and lending products and services to its members. The bank presently does not maintain any branches or offices outside of Honduras; the Miami Representative Office would be its first office outside of Honduras.

ELGA also maintains minority investments in a commercial bank that is licensed and operates throughout Honduras, and in a technology services company based in Honduras. It also is the majority shareholder of a water park amusement center located in Tegucigalpa, Honduras, but is in the process of liquidating the water park amusement center.

The Miami Representative Office would act as a liaison with current and prospective U.S. customers of the bank. It would promote and market the bank's products and services, perform bank-office functions, and conduct customer service activities.<sup>3</sup>

Under the IBA and the Board's Regulation K, in acting on an application by a foreign bank to establish a representative office, the Board considers 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

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<sup>3</sup> 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 bank-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.<sup>4</sup> The Board also considers additional standards set forth in the IBA and Regulation K.<sup>5</sup>

In the case of an application to establish a representative office, the Board has by rule determined that the supervision standard will be met if the Board 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 and the operating record of the applicant bank.<sup>6</sup> 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

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<sup>4</sup> 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 reports of examination, 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. 12 CFR 211.24(c)(1).

<sup>5</sup> 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 U.S. financial system, take into account, to the extent appropriate, where 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).

<sup>6</sup> See 12 CFR 211.24(d)(2).

standard sufficient for approval of representative office applications because representative offices may not engage in banking activities. This application has been considered under the lesser standard.

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

ELGA is supervised by the Consejo Nacional Supervisor de Cooperativas (“CONSUCOOP”). CONSUCOOP supervises Honduran cooperative banking institutions on a consolidated basis, which includes review of a bank’s asset quality, management, accounting, internal controls, risk, and compliance with laws and regulations. CONSUCOOP also conducts regular and comprehensive on-site examinations of ELGA and has the authority to order corrective measures, impose sanctions, and assume management of a supervised institution or liquidate it. Additionally, CONSUCOOP performs off-site monitoring of ELGA through regular review of supervisory reports, financial statements, audit reports, and other internal documentation. Such reports include monthly reports on the financial condition of the institution, including liquidity, exposures, and capital requirements, which are prepared on a consolidated basis and include information regarding ELGA’s subsidiaries.

ELGA states that it is subject to an external audit at least annually in accordance with International Standards on Auditing. The audit covers financial statements, internal control processes and procedures, compliance with laws and regulations, loan portfolio classifications, and verification of the processes established in connection with anti-money laundering (“AML”) and terrorist financing law. External auditors are selected from a list of approved auditors published by CONSUCOOP.

ELGA is subject to a wide range of prudential standards. Among these are requirements and limitations with respect to capital, liquidity, leverage, securitization, exposure limits, risk management, and reporting requirements. CONSUCOOP ensures compliance with such prudential standards through on-site inspections and through

regular reports submitted by supervised institutions, including ELGA, and reports by external auditors, and through on-site inspections.

Based on all the facts of record, including the above information and commitments that ELGA provided, it has been determined that ELGA is subject to a supervisory framework that is consistent with the proposed activities of the Miami Representative Office, taking into account the nature of such activities.

The following additional standards set forth in the IBA and Regulation K have also been considered: (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; (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.<sup>7</sup>

Honduras is a member of the Financial Action Task Force of Latin America (el Grupo de Acción Financiera de Latinoamérica ("GAFILAT")), which is an Associate Member of the Financial Action Task Force ("FATF") and supports the implementation of FATF recommendations throughout Latin America. ELGA is subject to the requirements of Honduran banking law, including those related to AML, which implement FATF recommendations. In accordance with those recommendations, Honduras has enacted laws to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Honduras, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. CONSUCOOP reviews cooperative banking institutions' compliance with those requirements, while the National Commission on Banking and Insurance ("CNBS")<sup>8</sup> is the Honduran supervisory authority

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<sup>7</sup> See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2).

<sup>8</sup> CNBS also is known as the Comisión Nacional de Bancos y Seguros.

with ultimate responsibility for AML compliance for Honduran financial institutions. CNBS also houses the Honduran Financial Intelligence Unit. ELGA has policies and procedures to comply with these laws and regulations that are monitored by government entities responsible for AML compliance, including CONSUCOOP and the CNBS.

ELGA appears to have the experience and capacity to support the Miami Representative Office. ELGA operates branches in Honduras. In addition, ELGA has established controls and procedures for the Miami Representative Office to ensure compliance with U.S. law, as well as controls and procedures for its operations generally. Taking into consideration ELGA's record of operations in its home country, its overall financial resources, and its standing with its home country supervisors, financial and managerial factors are consistent with approval of ELGA's application to establish the Miami Representative Office.

ELGA has committed to make available to the Board such information on the operations of ELGA and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act,<sup>9</sup> and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, ELGA has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for the disclosure of such information. In addition, subject to certain conditions, CONSUCOOP may share information on ELGA'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 ELGA has provided adequate assurances of access to any necessary information that the Board may request. In addition, CONSUCOOP has no objection to the establishment of the Miami Representative Office.

Whether ELGA's proposal would present a risk to the stability of the U.S. financial system has also been considered. The proposal would not appear to affect

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<sup>9</sup> 12 U.S.C. § 1841 *et seq.*

financial stability in the United States. In particular, the scope of ELGA'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 ELGA 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 the commitments made by ELGA, ELGA's application to establish the Miami 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.<sup>10</sup> Should any restrictions on access to information on the operations or activities of ELGA and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by ELGA or its affiliates with applicable federal statutes, the Board may require termination of any of ELGA's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by ELGA with the conditions imposed in this order and the commitments made to the Board in connection with this application.<sup>11</sup> For purposes of this action, these commitments and conditions are deemed to be conditions imposed by the Board in

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<sup>10</sup> 12 CFR 265.7(d)(3).

<sup>11</sup> The Board's authority to approve the establishment of the Miami Representative Office parallels the continuing authority of the State of Florida to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Florida or its agent, the Florida Office of Financial Regulation, to license the Miami Representative Office in accordance with any terms or conditions that they may impose.

writing in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

By order, approved pursuant to authority delegated by the Board, effective February 12, 2026.

*(Signed) Michele Taylor Fennell*

Michele Taylor Fennell  
Associate Secretary of the Board