



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

FEB 18 2016

Mr. Frank Carellini III
Deputy General Manager
Americas Legal and Compliance Division
Mizuho Bank, Ltd. / Mizuho Bank (USA)
1251 Avenue of the Americas
New York, New York 10020

Dear Mr. Carellini:

This letter is in response to your request, dated April 14, 2015, that the Board grant an exemption for Mizuho Financial Group, Inc. (“Mizuho”), Tokyo, Japan, from the requirement to maintain its U.S. risk committee as a committee of its global board of directors, for purposes of compliance with Regulation YY.

Regulation YY requires a foreign banking organization with combined U.S. assets greater than \$50 billion, but total U.S. non-branch assets of less than \$50 billion, to maintain a U.S. risk committee at its global board of directors.¹ However, a foreign banking organization with U.S. non-branch assets of \$50 billion or more (therefore, subject to the requirement to establish an intermediate holding company (“IHC”)) and a branch or agency has the option of maintaining the banking organization’s U.S. risk committee at its global board of directors or at its IHC board of directors.² Although Mizuho has combined U.S. assets of more than \$50 billion, it has total U.S. non-branch assets of approximately [REDACTED] as of September 30, 2015, and, therefore, it will not have to establish an IHC. Accordingly, Mizuho must maintain its U.S. risk committee at its global board of directors.

¹ 12 CFR 252.155(a)(3)(ii)(A).

² 12 CFR 252.155(a)(3)(ii). A foreign banking organization that is required to maintain its U.S. risk committee at its global board of directors may maintain its U.S. risk committee on either a standalone basis or as a joint committee with its enterprise-wide risk committee.

Mizuho intends to expand its U.S. business and expects to exceed \$50 billion in total U.S. non-branch assets by [REDACTED], and Mizuho would be required to comply with the IHC requirement approximately two years after exceeding this threshold.³ In order to pre-position the U.S. risk committee and prepare for eventual IHC formation, Mizuho requests that it be permitted to locate its U.S. risk committee at a to-be-formed bank holding company that will hold substantially all of Mizuho's U.S. non-branch assets, rather than at its global board of directors, as required by Regulation YY. Mizuho argues that locating the U.S. risk committee at the bank holding company would facilitate centralized risk management of the combined U.S. operations. The bank holding company would establish capabilities for stress testing, data governance, and U.S. group-wide risk management and governance. In addition, Mizuho would comply with the U.S. chief risk officer requirement under Regulation YY by appointing the chief risk officer of the bank holding company as its U.S. chief risk officer.⁴ Without the exemption, Mizuho argues that, after it is required to establish an IHC, it would then relocate its U.S. risk committee from the global board of directors to the IHC board of directors and would be required to reconstitute the committee and reconstruct its reporting lines.

After consideration of all relevant facts, including Mizuho's activities, scope of operations, structure, and similar considerations, the Board has granted Mizuho's request for an exemption from the requirement to maintain its U.S. risk committee as a committee of its global board of directors.

Granting Mizuho's request to place its U.S. risk committee at the bank holding company in anticipation of being subject to the IHC requirement would allow Mizuho to develop and maintain a U.S. risk-management structure while it expands its U.S. operations, which would facilitate an orderly transition to the IHC requirement and overall compliance with Regulation YY. Further, Mizuho's U.S. risk-committee charter would allow the U.S. risk committee to have appropriate authority over Mizuho's combined U.S. operations. In order to maintain the U.S. risk committee's character and authority, Mizuho has entered into the commitment set forth in Attachment A.⁵

For the reasons stated above, the Board has granted Mizuho's request for an exemption from Regulation YY's requirement to maintain its U.S. risk committee as a

³ 12 CFR 252.152(a)(2). A foreign banking organization must comply with the IHC requirement beginning on the first day of the ninth quarter following the date on which its U.S. non-branch assets equal or exceed \$50 billion.

⁴ 12 CFR 252.155(b).

⁵ Mizuho has committed that it will not make any amendments or other alterations to the U.S. risk committee charter that would materially change or limit the U.S. risk committee's oversight responsibilities for Mizuho's combined U.S. operations.

committee of its global board of directors. This action is based on all the facts of record and on all the representations and commitments made by Mizuho in the submissions to the Board in connection with the request, including the commitment set forth in Attachment A. These representations and commitments constitute conditions imposed in writing in connection with the findings and decisions herein and, as such, may be enforced in proceedings under applicable law. Any material change in those facts or representations could affect this approval and should be communicated promptly to Board staff.

Very truly yours,

(signed) Margaret McCloskey Shanks
Margaret McCloskey Shanks *mms*
Deputy Secretary of the Board

cc: Ms. Migdalia Garcia
Federal Reserve Bank of New York

Attachment A
Commitment by Mizuho Financial Group, Inc.
to the Board of Governors of the Federal Reserve System

In connection with the request, dated April 14, 2015, to the Board of Governors of the Federal Reserve System (the “Board”) for the Board’s approval for an exemption for Mizuho Financial Group, Inc. (“Mizuho”), Tokyo, Japan, from the requirement to maintain its U.S. risk committee as a committee of its global board of directors for purposes of compliance with Regulation YY, Mizuho makes the following commitment to the Board:

1. Mizuho will not make any amendments or other alterations to the U.S. risk committee charter that would materially change or limit the U.S. risk committee’s oversight responsibilities for Mizuho’s combined U.S. operations.

Mizuho agrees that the foregoing commitment is deemed to be a condition imposed in writing by the Board in connection with its findings and decisions on Mizuho’s request, and as such, may be enforced in proceedings under applicable law.