



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

December 13, 2018

Mr. Johannes Worsoe
Chief Financial Officer for the Americas
MUFG Americas Holdings Corporation
1251 Avenue of the Americas
New York, New York 10020

Dear Mr. Worsoe:

MUFG Americas Holdings Corporation (“MUFG”), New York, New York, the intermediate holding company subsidiary of Mitsubishi UFJ Financial Group, Inc., Tokyo, Japan,¹ has requested the Board’s approval under the Board’s Regulation YY² of a contractual provision that must be included in certain debt issued to Mitsubishi UFJ Financial Group, Inc., or to other group entities, by MUFG.

The Board’s regulation regarding total loss-absorbing capacity (the TLAC Rule)³ requires the U.S. intermediate holding companies⁴ of foreign global systemically important banking organizations (“Covered IHCs”) to maintain outstanding a minimum amount of long-term debt that meets certain eligibility criteria (“eligible long-term debt”).⁵ With respect to debt issued by a Covered IHC to its foreign affiliates, the eligible long-term debt must include a contractual

¹ 12 CFR 252.153.

² 12 CFR 252.161.

³ 12 CFR 252.60-.65, .153, .160-.167.

⁴ The Board’s Regulation YY requires foreign banking organizations with \$50 billion or more in total U.S. non-branch assets to form an intermediate holding company in the United States. 12 CFR 252.153(a).

⁵ 12 CFR 252.162.

provision that is approved by the Board and allows the Board to order the conversion of the debt into common equity tier 1 capital (“conversion trigger”).⁶

The General Counsel, acting pursuant to authority delegated by the Board, has considered a number of factors in determining whether to grant the request by MUFG for approval of a conversion trigger. In particular, the General Counsel has considered:

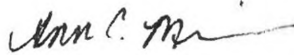
- (1) Whether the conversion trigger includes any conditions for triggering the conversion other than the issuance of an internal debt conversion order by the Board;
- (2) Whether the instruments governing the long-term debt and related documents mitigate any impediments to the conversion of the long-term debt into equity capital;
- (3) Whether the conversion trigger provides for the conversion of the long-term debt into common equity tier 1 capital;
- (4) Whether the conversion trigger requires the conversion of long-term debt in the amount specified by the Board’s internal debt conversion order; and
- (5) Whether, upon conversion of long-term debt pursuant to the conversion trigger, the converted long-term debt would no longer remain outstanding as a liability of the Covered IHC.

MUFG has provided information to the Board addressing each of the factors noted above. Based on the relevant regulatory factors, and on a review of the instrument governing the long-term debt and related documents and other facts presented, the General Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director of the Division of Supervision and Regulation, has approved the conversion trigger. This decision is based on the specific facts and representations in your request and in communications with

⁶ 12 CFR 252.161. Under the Board’s regulations, the Board may issue an internal debt conversion order only after first determining that the Covered IHC is in “default or danger of default,” and one of the following circumstances apply: (1) a foreign banking organization that controls the Covered IHC (or any subsidiary of such entity) has been placed into resolution proceedings in its home country; (2) the home country supervisor of the top-tier foreign banking organization has consented or not promptly objected to the conversion of internal long-term debt after notification by the Board; or (3) the Board has made a written recommendation to the Secretary of the Treasury to put the Covered IHC into Title II resolution proceedings. 12 CFR 252.163.

Board staff, and any change in the facts or representations should be communicated immediately to Board staff and could result in a different conclusion. This decision is specifically conditioned on compliance by MUFG with all of the commitments made to the Board in connection with the request. This approval is limited solely to granting approval of the conversion trigger.

Very truly yours,



Ann E. Misback
Secretary of the Board

cc: Joseph Cuenco
Federal Reserve Bank of San Francisco