



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

January 27, 2022

Gerard Chamberlain, Esq.  
Senior Deputy General Counsel  
Santander Holdings USA, Inc.  
75 State Street  
Boston, Massachusetts 02109

Dear Mr. Chamberlain:

This is in response to your letter dated September 3, 2021, requesting the Board's prior approval for Banco Santander, S.A. ("BSSA"), Madrid, Spain, through its U.S. intermediate holding company and wholly owned subsidiary, Santander Holdings USA, Inc. ("SHUSA," and together with BSSA, "Santander"), Boston, Massachusetts, to acquire additional shares of Santander Consumer USA Holdings Inc. ("SC"), Dallas, Texas, pursuant to section 163(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").<sup>1</sup>

BSSA controls SC, a publicly traded company, through SHUSA. SC directly and indirectly engages in originating, purchasing, and servicing auto loans; offering other financial products to auto dealers; and securitizing auto loans and leases. Santander currently controls 80.2 percent of SC's voting shares. Under the proposal, BSSA, through SHUSA, would acquire the remaining 19.8 percent of SC's voting shares from public shareholders for aggregate cash consideration of approximately \$2.5 billion. The acquisition would be accomplished through a tender offer commenced by a wholly owned subsidiary of SHUSA, Max Merger Sub, Inc. ("Merger Sub"), which was established to effect the proposed acquisition. Following the tender offer, Merger Sub would be merged with and into SC, and SC would become a wholly owned subsidiary of SHUSA.

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<sup>1</sup> 12 U.S.C. § 5363(b).

The aforementioned transaction requires the Board's approval pursuant to section 163(b) of the Dodd-Frank Act.<sup>2</sup> In connection with this request, the Board has considered (1) whether the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects<sup>3</sup> and (2) the extent to which the proposed acquisition would result in greater or more concentrated risks to global or U.S. financial stability or the U.S. economy.

Based on all the facts of record, the Board has determined that BSSA's request under section 163(b) of the Dodd-Frank Act should be, and hereby is, approved. In making this determination, the Board relied on all the information and representations that Santander provided to the Board related to the request. Any change in the facts presented by the record or the representations made by Santander could result in a different conclusion and should be reported to Board staff immediately.

This determination also is subject to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders thereunder. This action should not be construed as granting relief from any other regulatory requirements, conditions, or commitments to which BSSA or SHUSA may be subject.

Please advise the Federal Reserve Bank of Boston in writing when the transaction has been consummated.

Very truly yours,

*Margaret McCloskey Shanks (signed)*

Margaret McCloskey Shanks  
Deputy Secretary of the Board

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<sup>2</sup> Under section 163(b) of the Dodd-Frank Act, as amended, a bank holding company with total consolidated assets of \$250 billion or more cannot acquire direct or indirect ownership or control of any voting stock of any company with total assets of \$10 billion or more that is engaged in activities described in section 4(k) of the Bank Holding Company Act ("BHC Act") without prior notice to the Board. 12 U.S.C. § 5363(b).

<sup>3</sup> 12 U.S.C. § 1843(j)(2).