

convenience and needs considerations and Citizens' record of performance under the CRA are consistent with approval of the proposal.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on Citizens' compliance with all commitments made to the Board in connection with the proposal. The commitments and conditions relied on by the Board are deemed to be conditions imposed in writing in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

Approval of this application is subject to the establishment of the proposed branch within one year of the date of this order, unless such period is extended by the Board or the Reserve Bank, acting under authority delegated by the Board.

By order of the Board of Governors, effective August 9, 2006.

Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Bies, Warsh, and Kroszner.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Calyon, S.A.
Paris, France

Order Approving Establishment of a Branch

Calyon, S.A. ("Bank"),¹ a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. §3105(d)) to establish a branch in Los Angeles, California. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States. Bank previously received approval to file an application for approval of this branch after-the-fact.²

Notice of the application, affording interested persons an

tion from 2000–2005, but they also show consistent moderate growth in deposits during the same time period.

1. Calyon is the successor to Crédit Agricole Indosuez, S.A., Paris, France.

2. In May 2004, Bank acquired certain assets and liabilities of Crédit Lyonnais ("Credit Lyonnais"), also in Paris, including all the assets and liabilities of the Credit Lyonnais branch in Los Angeles. Bank received temporary authority to establish and operate the Los Angeles branch before an application was filed and acted on in accordance with section 211.24(a)(6) of Regulation K (12 CFR 211.24(a)(6)). See Board letter dated April 15, 2004, to Michael Bradfield, Esq. With this application, Bank seeks permanent authority to establish and operate the branch in Los Angeles.

opportunity to comment, has been published in a newspaper of general circulation in Los Angeles (*Los Angeles Times*, November 1, 2004). The time for filing comments has expired, and all comments received have been considered.

Bank is a direct subsidiary of Crédit Agricole S.A. ("Credit Agricole"), Paris,³ the lead bank for the Crédit Agricole Group, which provides a wide range of banking and financial services to retail and corporate customers throughout the world and is the largest banking group in France with assets of approximately \$913 billion.⁴ SAS Rue La Boétie ("Boetie"), also in Paris, holds approximately 55 percent of the shares of Credit Agricole.⁵ The Fédération Nationale du Crédit Agricole ("FNCA"), also in Paris, controls Boetie.⁶ In the United States, Credit Agricole conducts banking operations through offices of Bank; through another French bank subsidiary, Credit Lyonnais; and through Espirito Santo Bank, Miami, Florida, the U.S. bank subsidiary of Banco Espirito Santo, S.A., Lisbon, Portugal.⁷ The Crédit Agricole Group also operates a number of nonbank subsidiaries in the United States. Bank is a qualifying foreign banking organization under Regulation K (12 CFR 211.23(b)).

Bank assumed the operations of the Los Angeles branch of Credit Lyonnais in connection with a corporate reorganization in which Bank also acquired Credit Lyonnais's branches in Chicago, Illinois, and New York, New York. No change in the activities of the branch occurred as a result of the reorganization. The branch markets Bank's commercial lending products and functions primarily as a loan production office for the bank's New York branch.

Bank's home state is New York, and Bank proposes to continue to operate its branch in California. Under section 5(a)(2) of the IBA (12 U.S.C. §3103(a)), a foreign bank, with the approval of the Board and the appropriate state banking supervisor, may establish and operate a state-licensed branch outside the home state of the foreign bank to the extent a state bank with the same home state as the foreign bank could do so under section 44 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1831u). Bank acquired all the assets and liabilities of the Credit Lyonnais branch in Los Angeles as part of its

3. Credit Agricole holds 95.3 percent of Bank's shares.

4. Asset data are as of December 31, 2004.

5. The remainder of Credit Agricole's shares are held by members of the public.

6. Credit Agricole supports, coordinates, and supervises the operations of approximately 40 regional cooperative banks (Caisses Régionales or "Caisses") and approximately 2600 local cooperative banks, which operate a retail branch network in France. FNCA, Boetie, Credit Agricole, and the regional and local cooperative banks together comprise the Crédit Agricole Group. In connection with a public offering of shares by Credit Agricole, the Caisses established a wholly owned holding company, Boetie, in 2001 and transferred their shares of Credit Agricole to it. Boetie holds and votes the shares of Credit Agricole to maintain the Caisses' control of Credit Agricole. FNCA, an unincorporated association, acts as a consultative and representative body for the Caisses. See also *Fédération Nationale du Crédit Agricole et al.*, 92 *Federal Reserve Bulletin* C159 (2006).

7. Credit Agricole also is deemed to control Banca Intesa S.p.A., Milan, Italy, which operates a branch in New York.

assumption of the wholesale business assets and liabilities of Credit Lyonnais under provisions of French commercial law. This transaction constituted an interstate merger transaction as defined in the FDI Act. Section 44(a) of the FDI Act permits the approval of a merger transaction under the Bank Merger Act between state banks with different home states, provided that neither state has elected to prohibit interstate merger transactions pursuant to section 44(a)(2) of the FDI Act. New York and California both permit interstate merger transactions. Accordingly, the proposed interstate merger transaction would be permitted under section 44 of the FDI Act, and the Board is permitted to approve the establishment by Bank of the branch outside its home state of New York if the remaining criteria of section 5(a) of the IBA are met. The Board has determined that the additional conditions specified in section 5(a)(3) of the IBA are satisfied.⁸

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a branch, the Board must consider whether the foreign bank (1) engages directly in the business of banking outside of the United States; (2) has furnished to the Board the information it needs to assess the application adequately; and (3) is subject to comprehensive supervision on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 CFR 211.24(c)(1)).⁹ The Board also may consider additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2)–(3)).

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

With respect to supervision by home country authorities, the Board previously has determined that Bank and Credit

Agricole are subject to comprehensive supervision or regulation on a consolidated basis by their home country supervisor, the Commission Bancaire.¹⁰ Bank and Credit Agricole remain supervised by the Commission Bancaire on substantially the same terms and conditions. Based on all the facts of record, it has been determined that Bank and Credit Agricole are subject to comprehensive supervision on a consolidated basis by their home country supervisor.

The additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2)–(3)) have also been taken into account. The Commission Bancaire has no objection to the establishment of the proposed branch.

France's risk-based capital standards are consistent with those established by the Basel Capital Accord ("Accord"). Bank's capital is in excess of the minimum levels that would be required by the Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law and for its operations in general.

France is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering. In accordance with those recommendations, France has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in France, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and regulations. Bank's compliance with applicable laws and regulations is monitored by Bank's internal auditors and the Commission Bancaire.

With respect to access to information about Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank, Boetie, and FNCA have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank, Boetie, and FNCA have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, the Commission Bancaire may share information on Bank's operations with other supervisors, including the Board,

8. Section 5(a)(3) of the IBA requires that certain conditions of section 44 of the FDI Act be met in order for the Board to approve an interstate banking transaction. *See* 12 U.S.C. § 3103(a)(3)(C) (referring to sections 44(b)(1), 44(b)(3), and 44(b)(4) of the FDI Act, 12 U.S.C. §§ 1831u(b)(1), (b)(3), and (b)(4)). The Board has determined that Bank is in compliance with state filing requirements. Community reinvestment considerations are also consistent with approval. Bank and Credit Lyonnais were both adequately capitalized as of the date the application was filed, and Bank would continue to be at least adequately capitalized and adequately managed on consummation of this proposal. The Board has determined, after consultation with the Secretary of the Treasury, that the financial resources of Bank are equivalent to those required for a domestic bank to receive approval for interstate branching under section 44 of the FDI Act.

9. In assessing this standard, the Board considers, among other factors, the extent to which the 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 with and relationship 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; (v) evaluate prudential standards, such as capital adequacy and risk-asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

10. *See Caisse Nationale de Crédit Agricole*, 81 *Federal Reserve Bulletin* 1055 (1995). *See also, Crédit Agricole Indosuez*, 83 *Federal Reserve Bulletin* 1025 (1997); *Caisse Nationale de Crédit Agricole*, 86 *Federal Reserve Bulletin* 412 (2000).

subject to certain conditions. In light of these commitments and other facts of record, and subject to the condition described below, the Board has determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

Based on the foregoing and all the facts of record, the Board has determined that Bank's application to establish a branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the conditions imposed in this 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 its findings and decision and, as such, may be enforced in proceedings under applicable law.

By order of the Board of Governors, effective September 8, 2006.

Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin. Absent and not voting: Governor Bies.

ROBERT DE V. FRIERSON
Deputy Secretary of the Board

*The International Commercial Bank of
China Co., Ltd.
Taipei, Taiwan*

**Order Approving Establishment of U.S.
Branches**

The International Commercial Bank of China Co., Ltd. ("Bank"), Taipei, Taiwan, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under sections 5(a) and 7(d) of the IBA¹ to establish branches in Los Angeles and San Jose, California, and New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in newspapers

11. The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the state of California to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the state of California to license the proposed office of Bank in accordance with any terms or conditions that it may impose.

1. 12 U.S.C. §§ 3103(a), 3105(d).

of general circulation in New York, New York (*The New York Post*, May 10, 2006), Los Angeles, California (*Los Angeles Daily News*, May 10, 2006), and San Jose, California (*San Jose Mercury News*, May 10, 2006). The time for filing comments has expired, and all comments received have been considered.

Bank, with total assets of \$36 billion, is the eighth largest commercial bank in Taiwan.² Bank is wholly owned by Mega Financial Holding Company ("Mega"), Taipei, Taiwan. Mega's largest shareholders are the national government and governmental agencies of Taiwan (controlling 18.3 percent of shares) and Chinatrust Financial Holding Company, Ltd., Taipei, Taiwan (controlling 18 percent of shares).³ Bank provides a variety of banking services to retail and corporate customers directly and through two subsidiary banks and branches in 15 countries.⁴ In the United States, Bank operates a limited federal branch in Los Angeles, California, a full-service state branch in Chicago, Illinois, and a state agency in New York, New York. Bank is a qualifying foreign banking organization under Regulation K.⁵

In addition to Bank, Mega wholly owns Chiao Tung Bank Co., Ltd. ("CTB"), Taiwan's 14th largest bank. CTB operates a full-service state branch in San Jose, California, and a state agency in New York, New York.

As part of a corporate reorganization of Mega, Bank and CTB will merge, with Bank as survivor. Bank would assume CTB's San Jose full-service branch and New York agency. In New York, Bank proposes to combine the operations of CTB's agency with the operations of Bank's existing New York agency and to upgrade the combined New York agency to a full-service branch. It also proposes to convert its Los Angeles limited branch from a federal to a state license and to upgrade it to a full-service branch. According to Bank, the full-service branches would enable it to better serve the needs of its customers who do business in the United States. The branches also would coordinate Bank's access to U.S. capital markets.

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a branch, the Board must consider whether the foreign bank (1) engages directly in the business of banking outside of the United States; (2) has furnished to the Board the information it needs to assess the application adequately; and (3) is subject to comprehensive supervision on a consolidated basis by its home country supervisor.⁶ The Board also

2. Asset data are as of March 31, 2006.

3. Mega's remaining shares are widely held, with no shareholder or group of shareholders controlling more than 5 percent of shares.

4. Bank's subsidiary banks are International Commercial Bank of Cathay, Toronto, Canada, and The International Commercial Bank of China Public Co., Ltd., Bangkok, Thailand. In addition to the United States, Bank operates branches in Australia, France, Hong Kong, Japan, Malaysia, the Netherlands, Panama, the Philippines, Singapore, and Vietnam. Bank also maintains representative offices in the United Kingdom and Bahrain.

5. 12 CFR 211.23(b).

6. 12 U.S.C. § 3105(d)(2); 12 CFR 211.24. In assessing this standard, the Board considers, among other indicia of comprehensive,

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