

FEDERAL RESERVE SYSTEM

Banca Popolare di Vicenza S.C.p.A.
Vicenza, Italy

Order Approving Establishment of a Representative Office

Banca Popolare di Vicenza S.C.p.A. (“Bank”), Vicenza, Italy, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 10(a) of the IBA¹ to establish a representative office in 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 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 New York City (*Daily News*, February 24, 2011). The time for filing comments has expired, and all comments received have been considered.

Bank is organized as a cooperative bank under Italian law and has approximately 60,000 shareholders. Bank’s shares are widely held, and each shareholder holds less than 1 percent of the bank’s shares.

Bank, with total consolidated assets of approximately \$50.9 billion,² is the eleventh largest bank in Italy by asset size.³ Bank provides consumer banking and wholesale banking services to private individuals, professionals, and small- and medium-sized companies. Bank’s foreign operations include a financial subsidiary in Ireland and four representative offices: two in China, one in India, and one in Brazil.

¹ 12 U.S.C. § 3107(a).

² Unless otherwise indicated, data are as of June 30, 2011.

³ Ranking data are as of December 31, 2009.

The proposed representative office would serve as a liaison between Bank and its customers.⁴ The office would also conduct research and assemble credit information on companies; organize seminars, workshops, and conventions; solicit banking business for Bank; and assist its clients in obtaining banking and other services in the United States.

In acting on an application under the IBA and Regulation K by a foreign bank to establish a representative office, the Board must consider whether the foreign bank directly engages in the business of banking outside of the United States and whether the foreign bank has furnished to the Board the information it needs to adequately assess the application.⁵ In addition, the Board shall take into account whether the foreign bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.⁶ The Board also considers additional standards set forth in the IBA and Regulation K.⁷

⁴ A representative office may engage in representational and administrative functions in connection with the banking activities of the 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 back-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).

⁵ 12 U.S.C. § 3107(a)(2).

⁶ *Id.*; 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 the home country supervisor (i) ensures that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtains information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtains information on the dealings with and the relationship between the bank and its affiliates, both foreign and domestic; (iv) receives 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) evaluates 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.

⁷ See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2). These standards include: 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

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, in connection with applications involving other banks in Italy, that those banks were subject to home country supervision on a consolidated basis by the Bank of Italy, the primary regulator of commercial banks in Italy.⁸ Bank is supervised by the Bank of Italy on substantially the same terms and conditions as those other banks. Based on all the facts of record, including the above information, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor. The Bank of Italy has no objection to the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operation in the home country, overall financial resources, and standing with the home country supervisor, financial and managerial factors are consistent with approval. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Italy is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering. In accordance with those

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. See also Standard Chartered Bank, 95 Federal Reserve Bulletin B98 (2009). The Board may also, in the case of a foreign bank that presents a risk to the stability of the United States, take into account, to the extent appropriate, whether the home country of the foreign bank has adopted, or is making demonstrable progress toward 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).

⁸ See, e.g., Board letter to Luigi L. De Ghenghi dated September 25, 2007 (comprehensive consolidated supervision for Intesa Sanpaolo S.p.A.); Banca di Roma, S.p.A., 2002 WL 1848520 (2002); Banca Intesa, S.p.A., 86 Federal Reserve Bulletin 433 (2000).

recommendations, Italy has enacted laws and created legislative and regulatory standards to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in Italy, and credit 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 that are monitored by governmental entities responsible for anti-money-laundering compliance.

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 governmental authorities have been communicated with regarding access to information. Bank has 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 of 1956, as amended, and other applicable federal law. To the extent that providing such information to the Board may be prohibited by law or otherwise, Bank has 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, subject to certain conditions, Bank of Italy may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the conditions described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

Information relevant to the standard regarding risk to the stability of the United States financial system has also been reviewed. In particular, consideration has been given to the absolute and relative size of Bank in its home country, the scope of Bank's activities, including the type 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 Bank in its home country. Based on these and other factors, financial stability considerations in this proposal are consistent with approval.

Based on the foregoing and all the facts of record, and subject to commitments made by Bank to the Board, as well as the terms and conditions set forth in this order, Bank's

application to establish the representative office is hereby approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.⁹ 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.¹⁰ For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with the 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 September 27, 2011.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

⁹ 12 CFR 265.7(d)(12).

¹⁰ The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York or its agent, the New York State Banking Department, to license the proposed representative office of Bank in accordance with any terms or conditions that it may impose.