

**FEDERAL RESERVE BANK  
OF NEW YORK**

Circular No. 8699  
December 4, 1979

**AMENDMENT TO REGULATION K  
Simplification of Procedures for Establishing Foreign Branches**

*To All Member Banks, Edge and Agreement Corporations,  
Branches and Agencies of Foreign Banks, and Others Concerned,  
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has amended its Regulation K, "International Banking Operations," in order to simplify the procedures under which subsidiaries of United States banking organizations may establish branches in foreign countries.

Enclosed is a copy of the amendment, effective November 28, 1979. Questions regarding this matter should be directed to our Foreign Banking Applications Department (Tel. No. 212-791-5881).

THOMAS M. TIMLEN,  
*First Vice President.*

Board of Governors of the Federal Reserve System

INTERNATIONAL BANKING OPERATIONS

AMENDMENT TO REGULATION K

(effective November 28, 1979)

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board has amended section 211.5(b) (3) of its Regulation K (12 C.F.R. § 211.5(b) (3)), to simplify the procedures by which subsidiaries of United States banking organizations may establish branches in foreign countries.

EFFECTIVE DATE: November 28, 1979.

FOR FURTHER INFORMATION CONTACT: C. Keefe Hurley, Senior Counsel (202/452-3269), or Michael L. Kadish, Attorney (202/452-3428), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: On June 14, 1979, the Board revised its regulations governing the international operations of member banks, Edge and Agreement Corporations, and bank holding companies ("investors"), and consolidated them into one regulation, Regulation K. Sections 211.3(a) and 211.4(c)(2) of Regulation K govern the establishment of foreign branches by member banks and Edge Corporations, respectively; and section 211.5(b)(3) applies the procedures of section 211.3(a) to the establishment of branches by subsidiaries of member banks, Edge Corporations, Agreement Corporations, and bank holding companies. The Board has amended section 211.5(b)(3) to simplify approval procedures for the establishment of branches by subsidiaries of an investor where the investor, its subsidiaries, or affiliates have offices or branches in foreign countries.

This action relieves a procedural restriction and, therefore, the notice and public participation provisions of 5 U.S.C. § 553 with regard to the Board's action are unnecessary. This action is taken pursuant to the Board's authority under sections 25 and 25(a) of the

Federal Reserve Act (12 U.S.C. § 601 *et seq.*); and section 5(b) of the Bank Holding Company Act (12 U.S.C. § 1844(b)).

Effective November 28, 1979, Part 211 of 12 C.F.R. Chapter II is amended by revising § 211.5(b)(3) to read as follows:

SECTION 211.5—INVESTMENTS IN OTHER ORGANIZATIONS

\* \* \*

(b) Investment limitations.

\* \* \*

(3) A subsidiary (other than a member bank or an Edge Corporation) may establish a foreign branch with prior approval of the Board. Unless otherwise advised by the Board: (i) a subsidiary (other than a member bank or an Edge Corporation) whose affiliates have offices (other than representative offices) in two or more foreign countries may establish initial branches in additional foreign countries after 60 days' notice to the Board; (ii) a foreign bank subsidiary may, without prior approval or prior notice, establish additional branches in any country in which it operates one or more offices (other than representative offices); and (iii) without prior approval or prior notice, any subsidiary (other than a foreign bank, member bank, or Edge Corporation) may establish additional branches in any foreign country in which any affiliate operates one or more offices (other than representative offices). Authority to establish branches through prior approval or prior notice shall expire one year from the earliest date on which that authority could have been exercised, unless extended by the Board. An investor shall inform the Board within 30 days of the opening, closing, or relocation of a branch and the address of a new or relocated foreign branch.

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For this Regulation to be complete, retain:

- 1) Regulation K pamphlet, effective June 14, 1979.
2) This slip sheet.