

(4) Not used to pay routine operating expenses in the United States such as salaries, rent, or taxes;

(5) Withdrawn within a reasonable period of time after the specific purpose for which they were placed has been accomplished; and

(6) Drawn upon in a manner reasonable in relation to the size and nature of the account.

(f) *Federal branch* means an office or place of business, licensed by the OCC and operated by a foreign bank in any state, that may engage in the business of banking, including accepting deposits, that is not a Federal agency as defined in paragraph (e) of this section.

(g) *Foreign bank* means an organization that is organized under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, and that engages directly in the business of banking outside the United States.

(h) *Foreign business* means any entity, including a corporation, partnership, sole proprietorship, association, or trust that is organized under the laws of a foreign country, or any United States entity that is controlled by a foreign entity or foreign national. A foreign entity or foreign national shall be deemed to control a United States entity if the foreign entity or individual directly controls, or has the power to vote 25 percent or more of any class of voting securities of, the United States entity or controls in any manner the election of a majority of the directors or trustees of the other entity.

(i) *Foreign country* means one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States, and the Commonwealth of Puerto Rico.

(j) *Home country* means the country in which the foreign bank is chartered or incorporated.

(k) *Home country supervisor* means the governmental entity or entities in the foreign bank's home country responsible for supervising and regulating the foreign bank.

(l) *Home state* of a foreign bank means the state in which the foreign bank has a branch, agency, subsidiary commercial lending company, or subsidiary bank. If a foreign bank has an office in more than one state, the home state of the foreign bank is the state that is selected to be the home state by the foreign bank or, in default of the foreign bank's selection, by the FRB.

(m) *Initial deposit* means the first deposit transaction between a depositor and the Federal branch made on or after [effective date of the final regulation]. The initial deposit may be placed into

different deposit accounts or into different kinds of deposit accounts, such as demand, savings, or time accounts. Deposit accounts that are held by a depositor in the same right and capacity may be added together for the purpose of determining the dollar amount of the initial deposit.

(n) *International banking facility* means a set of asset and liability accounts segregated on the books and records of a depository institution, a United States branch or agency of a foreign bank, or an Edge corporation or Agreement corporation, that includes only international banking facility time deposits and extensions of credit.

(o) *Large United States business* means any business entity including a corporation, partnership, sole proprietorship, association, or trust that engages in commercial activity for profit, is organized under the laws of the United States or any state, and:

(1) The securities of which are registered on a national securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System; or

(2) Has more than \$1.0 million in annual revenues for the fiscal year preceding the year of the initial deposit.

(p) *Limited Federal branch* means a Federal branch that, pursuant to an agreement between the parent foreign bank and the FRB, may receive only those deposits that would be permissible for an Edge corporation to receive.

(q) *Managed or controlled by* a Federal branch or agency means that a majority of the responsibility for business decisions, including but not limited to decisions with regard to lending, asset management, funding, or liability management, or the responsibility for recordkeeping of assets or liabilities for a non-United States office, resides at the Federal branch or Federal agency.

(r) *Manual* means the Comptroller's Corporate Manual (12 CFR 5.2(c)).

(s) *Parent foreign bank senior management* means individuals at the executive level of the parent foreign bank who are responsible for supervising and authorizing activities of the Federal branch or Federal agency.

(t) *Person* means an individual or a corporation, government, partnership, association, or any other entity.

(u) *State* means any state of the United States or the District of Columbia.

(v) *United States bank* means a bank organized under the laws of the United States or any state of the United States.

§ 28.12 Approval of Federal branches and Federal agencies.

(a) *Approval requirements.* A foreign bank shall submit an application to and obtain prior approval from the OCC before it:

(1) Establishes a Federal branch, Federal agency, or limited Federal branch; or

(2) Exercises fiduciary powers at a Federal branch. A foreign bank may submit an application to exercise fiduciary powers at the time of filing an application for a Federal branch or at any subsequent date.

(b) *Standards for approval.* In reviewing an application by a foreign bank to establish a Federal branch or Federal agency, the OCC shall consider:

(1) The financial and managerial resources and future prospects of the applicant foreign bank and the Federal branch or Federal agency;

(2) Whether the foreign bank has furnished to the OCC the information the OCC requires to assess the application adequately, and provided the OCC with adequate assurances that information will be made available to the OCC on the operations or activities of the foreign bank or any of its affiliates that the OCC deems necessary to determine and enforce compliance with the IBA and other applicable Federal banking statutes;

(3) Whether the foreign bank and its United States affiliates are in compliance with applicable United States law;

(4) The convenience and needs of the community to be served and the effects of the proposal on competition in the domestic and foreign commerce of the United States;

(5) Whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor; and

(6) Whether the home country supervisor has consented to the proposed establishment of the Federal branch or Federal agency.

(c) *Comprehensive supervision or regulation on a consolidated basis.* In determining whether a foreign bank is subject to comprehensive supervision or regulation on a consolidated basis, the OCC reviews various factors, including whether the foreign bank is supervised or regulated in a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank to assess the foreign bank's overall financial condition and compliance with laws and regulations as specified in the FRB's Regulation K, 12 CFR 211.24.

(d) *Conditions on approval.* The OCC may impose any conditions on its