

readily ascertainable events¹ if the guarantee or agreement specifies its maximum monetary liability thereunder. The guarantee or agreement shall be combined with all standby letters of credit and loans for purposes of applying any legal limitation on loans of the bank: *Provided*, That if the guarantee or agreement is subject to separate limitation under State or Federal law, the separate limitation shall apply in lieu of the loan limitation.

(2) Accept drafts or bills of exchange drawn upon it;

(3) Acquire and hold securities (including certificates or other evidences of ownership or participation) of the central bank, clearinghouses, governmental entities, and development banks of the country in which it is located, but the total investment in such securities (exclusive of securities held as required by the law of that country or as authorized for national banks under 12 U.S.C. 24) shall not exceed 1 percent of its total deposits on the preceding year-end call report date (or on the date of such acquisition in the case of a newly approved branch which has never reported);

(4) Underwrite, distribute, buy, and sell obligations of the national government of the country in which it is located;² but no bank may hold, or be under commitment with respect to, obligations of such a government as a result of underwriting, dealing in, or purchasing for its own account, in an aggregate amount exceeding 10 percent of its capital and surplus;

(5) Take liens or other encumbrances on foreign real estate in connection with its extensions of credit, whether or not of first priority and whether or not such real estate is improved or has been appraised;

(6) Pay to any officer or employee of the branch a greater rate of interest on deposits than that paid to other depositors on similar deposits with the branch;

¹ Including, but not limited to, events such as nonpayment of taxes, rentals, customs duties, or costs of transport and loss or non-conformance of shipping documents.

² Including obligations issued by an agency or instrumentality, and supported by the full faith and credit, of such government.

(7) Act as insurance agent or broker. An insured State nonmember bank that is of the opinion that other activities are usual in connection with the transaction of the business of banking in the places where its branches transact business, may apply to the Corporation for permission to engage in such activities.

(d) *Limitations*. Nothing in paragraph (c) of this section shall authorize a foreign branch to engage in the general business of producing, distributing, buying, or selling goods, wares, or merchandise, or, except as permitted by paragraph (c)(4) of this section, to engage or participate, directly, or indirectly, in the business of underwriting, selling, or distributing securities.

(e) *Suspending operations during disturbed conditions*. The officer in charge of a foreign branch may suspend its operations during disturbed conditions which make conduct of operations impracticable; but every effort shall be made before and during such suspension to serve its customers. Full information concerning any suspension shall be promptly reported to the branch's main office, which shall immediately send a copy thereof to the Regional Director of the region in which the main office exists.

[44 FR 25195, Apr. 30, 1979, as amended at 48 FR 28078, June 20, 1983; 51 FR 47209, Dec. 31, 1986]

§347.4 Acquisition and holding of stock in foreign banks or other financial entities.

(a) *General*. No insured State nonmember bank may acquire or hold, directly or indirectly, ownership interest in a foreign bank or other entity except as provided in this section. When authorized by State law, an insured State nonmember bank may, with the prior written consent of the Corporation and subject to the provisions of this part, acquire and hold, directly or indirectly, the stock or other evidences of ownership in one or more foreign banks or other financial entities without regard to the provisions of 12 U.S.C. 1828(j):

Provided, That the aggregate amount invested directly or indirectly (other than through a corporation organized

under section 25(a) of the Federal Reserve Act) in the stock or other evidences of ownership of all foreign banks and other financial entities, taken together with investments by the bank in the shares of corporations organized under section 25(a) of the Federal Reserve Act, shall not exceed 25 percent of the bank's capital and surplus.

(b) *Acquisitions to prevent loss.* Nothing contained in this part shall prevent the acquisition and holding of stock or other evidences of ownership in a foreign bank or other financial entity where such acquisition is necessary to prevent a loss upon a debt previously contracted in good faith; but such stock or other evidences of ownership shall be disposed of within 12 months from the date of acquisition unless the time is extended by the Corporation.

(c) *Limitations.* Stock or other evidences of ownership in a foreign bank or other financial entity shall be disposed of as promptly as practicable if: (1) Such bank or other financial entity should engage in the business of underwriting, selling, or distributing securities in the United States or (2) the insured State nonmember bank is advised by the Corporation that its holding is inappropriate under this part. The terms *stock*, *shares*, and *evidences of ownership* in this section include any right to acquire stock, shares, or evidences of ownership, except that prior Corporation consent is not required for the acquisition and exercise of stock rights in lieu of dividends which are declared on shares already held by an insured State nonmember bank and which do not result in an increase in percentage ownership of the foreign bank or other financial entity.

(d) *Required information.* An insured State nonmember bank may apply for the consent of the Corporation to acquire and hold, directly or indirectly, the stock or other evidences of ownership in a foreign bank or other financial entity by filing the information specified in §303.5(c). The Corporation hereby grants its general consent for any insured State nonmember bank having stock or other evidence of ownership in a foreign bank or other financial entity that was acquired prior to March 10, 1979 to continue holding such

stock or evidence without application for specific approval provided it does not conflict with the provisions of this part and the following information is submitted (unless already submitted) within 90 days from April 30, 1979: Name and location of bank or other financial entity; number, type and par value of shares held, percentage of total voting shares outstanding, and, if different, percentage of total equity, historical cost, current carrying value and any premium paid that has not been amortized; description of the company activities, principal locations, subsidiaries and affiliates (including company locations, subsidiaries and affiliates in the United States), and any activity that is not of a banking or financial nature; recent balance sheets and income statements; and amount of any credit extended to the subsidiary or affiliate and description of any contracts with company (including management or service contracts).

(e) *Reports.* An insured State nonmember bank shall immediately inform the Corporation, through the Regional Director of the region in which the bank is located, of any acquisition or disposition of stock in a foreign bank or other financial entity, including the cost and number of shares acquired pursuant to this section.

[44 FR 25195, Apr. 30, 1979, as amended at 50 FR 22985, May 30, 1985]

§347.5 Loans or extensions of credit to foreign banks or other financial entities.

An insured State nonmember bank which holds directly or indirectly³ stock or other evidences of ownership in a foreign bank or other financial entity may make loans or extensions of credit to or for the account of such foreign bank or other financial entity without regard to the provisions of 12 U.S.C. 1828(j).

§347.6 Conditions.

(a) *Records, controls and reports.* An insured State nonmember bank exercising any powers under this part shall maintain a system of records, controls

³Whether through a corporation organized under section 25(a) of the Federal Reserve Act, or otherwise.