November 7, 2017

Mr. Michael Coyne
General Counsel, MUFG Americas Legal Department
MUFG Union Bank, N.A.
1251 Avenue of the Americas
New York, New York 10020

Re: Applications by The Bank of Tokyo-Mitsubishi UFJ, Ltd. to Convert
- Two State-Licensed Branches in New York to Federal Branches,
- One State-Licensed Branch in Illinois to a Federal Branch,
- One State-Licensed Branch in California to a Federal Branch, and
- Two State-Licensed Agencies in Texas to Federal Agencies.

Applications by Mitsubishi UFJ Trust and Banking Corporation to Convert
- One State-Licensed Branch in New York with Fiduciary Powers
to a Federal Branch with Fiduciary Powers

OCC Control Nos. 2017-NE-FBA-ConversionsStateToFed-300364
2017-NE-FBA-ConversionsStateToFed-300373
2017-NE-FBA-ConversionsStateToFed-300374
2017-NE-FBA-ConversionsStateToFed-300380
2017-NE-FBA-ConversionsStateToFed-300381
2017-NE-FBA-ConversionsStateToFed-300382
2017-NE-FBA-ConversionsStateToFed-300384
2017-NE-FBA-Fiduciary-300385

Dear Mr. Coyne:

The Office of the Comptroller of the Currency (OCC) grants conditional approval to the applications listed above. These approvals are based on the OCC’s review of all information available and reliance upon representations and commitments made in the applications, by the foreign banks, and/or by their representatives. These approvals are also subject to the conditions set out below.

The Applications

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) applied to the OCC for approval to convert its state-licensed branches located at 1251 Avenue of the Americas, New York, New York, (Primary NY Branch) and 1221 Avenue of the Americas, New York, New York, (Secondary NY
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Branch) to Federal branches. BTMU also applied to convert its state-licensed branch in Chicago (Chicago Branch) and its state-licensed branch in Los Angeles (Los Angeles Branch) to Federal branches. It also applied to convert its state-licensed agencies in Dallas and Houston (Texas Agencies) to Federal agencies. None of BTMU's branches or agencies is insured by the Federal Deposit Insurance Corporation (FDIC).

BTMU is a major commercial banking organization that has its main office in Tokyo, Japan, and provides a broad range of domestic and international banking services through its offices and subsidiaries. BTMU is one of the two primary banking institutions owned by Mitsubishi UFJ Financial Group, Inc. (MUFG), a diversified bank holding company incorporated under the laws of Japan. MUFG, BTMU, and their affiliated companies engage in a wide range of financial businesses around the world.

In the United States, BTMU conducts its banking operations primarily through (1) its subsidiary MUFG Americas Holdings Corporation (MUHA), a bank holding company and the top-tier U.S. intermediate holding company for MUFG's U.S. non-branch assets; (2) MUFG Union Bank, N.A. (MUB), a national bank subsidiary of MUHA with its main office in California; (3) the state-licensed branches and agencies that are the subject of these applications; and (4) representative offices located in California, Georgia, Kentucky, Minnesota, New Jersey, Washington State, and Washington, D.C.

Mitsubishi UFJ Trust and Banking Corporation (MUTB), that also has its main office in Tokyo, Japan, is the other primary banking organization owned by MUFG. In addition to its retail, corporate, and international banking businesses, MUTB engages in a range of custody, trust, and other fiduciary businesses. In the United States, MUTB primarily conducts its operations through a state-licensed branch located at 1221 Avenue of the Americas, New York, New York, (MUTB NY Branch, and together with BTMU's Primary NY Branch, Secondary NY Branch, Chicago Branch, Los Angeles Branch, and Texas Agencies, the BTMU/MUTB Branches and Agencies, and after the conversions, the Federally-licensed BTMU/MUTB Branches and Agencies).

The MUTB NY Branch conducts commercial banking services and custody services as part of MUTB's global custody business. Custody services include engaging in securities settlement and safekeeping, collecting dividends and income, processing corporate actions, and reporting transactions. MUTB applied to the OCC to convert the MUTB NY Branch to a Federal branch. It also requested the OCC approve fiduciary powers for the Federally-licensed MUTB NY Branch. The MUTB NY Branch is not insured by the FDIC.

BTMU and MUTB (the Applicants) have applied to the OCC to convert the BTMU/MUTB Branches and Agencies to Federally-licensed branches and agencies for business reasons. MUFG, BTMU, and MUTB desire to simplify and enhance the effectiveness of the supervisory and regulatory framework of their banking operations in the United States. Those banking operations are currently conducted in five state-licensed branches, two state-licensed agencies, and a large national bank. By converting the branches and agencies to Federal branches and
agencies, MUFG, BTMU, and MUTB would simplify the U.S. structure, improve resolvability, and consolidate supervision of U.S. banking operations under one primary Federal supervisor, the OCC. The conversion proposal is consistent with U.S. regulatory objectives, which call for the centralization of U.S. operations of foreign banks, such as requiring foreign banks to form intermediate holding companies to hold non-branch U.S. subsidiaries and imposing centralized risk management standards. Additionally, BTMU and MUTB stated in the applications that the conversions will enable them to operate more efficiently and effectively, allow for sharing of resources, and further streamline operations.

The Primary NY Branch is subject to two consent orders entered into with the New York State Department of Financial Services (NYSDFS). The two NYSDFS orders (the NYSDFS Orders) address deficiencies in the Primary NY Branch’s practices regarding Bank Secrecy Act/Anti-Money Laundering-related (BSA/AML) sanctions, compliance programs, policies, and procedures, and related areas, including Office of Foreign Assets Control (OFAC) compliance. One was entered in June 2013; the other in November 2014. The Primary NY Branch has undertaken a program to address and remediate the deficiencies identified in the NYSDFS Orders. In its application to convert the Primary NY Branch, BTMU indicates it is aware of the OCC’s recent decision with respect to a conversion of a state-licensed branch subject to an order by a state banking regulator to a Federal branch in which the OCC imposed conditions on approval in order to ensure the converted branch continues to be subject to the substantive requirements that were in the state order and continues its remediation efforts. BTMU represents it would fully comply with such an OCC condition. In this approval, the OCC is including a condition that, within five (5) business days after converting, BTMU, the Federally-licensed Primary NY Branch, and the Federally-licensed Secondary NY Branch enter a consent order with the OCC which would contain substantive requirements based on the NYSDFS Orders and would remain in effect until the branch has fully complied with the terms of the OCC order to the satisfaction of the OCC.

The OCC is continuing its review of the Applicants’ compliance with BSA/AML and OFAC requirements and may conduct an assessment, evaluation, or examination of these areas after the conversions. Following the conversions and an assessment, evaluation, or examination of these areas, the OCC may determine that an additional enforcement action to address BSA/AML or OFAC compliance issues at the Federally-licensed Primary NY Branch and the Federally-licensed Secondary NY Branch is warranted. In its applications to convert its branches and agencies, BTMU commits to abide by any conditions set forth in the OCC’s decision approving the conversions. In this approval, the OCC is including a condition that, following the conversions, if the OCC determines, in its discretion, to issue an informal or formal enforcement action to address BSA/AML or OFAC compliance issues following an assessment, evaluation, or examination by the OCC of these areas, BTMU, the Federally-licensed Primary NY Branch, and the Federally-licensed Secondary NY Branch will accept or consent to the issuance of such an action.

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1. See OCC Conditional Approval No. 1172 (March 30, 2017).
Federal branches and agencies are required to maintain a “capital equivalency deposit” (CED), assets held in a safekeeping account at a member bank, in effect pledged to the OCC. 12 USC 3102(g). In order to be certain the CED account could be established in a timely manner, BTMU and MUTB proposed to establish the CED account initially at MUB, the affiliated national bank, and represented they would move the CED to an unaffiliated member bank acceptable to the OCC. The OCC is permitting the account to be at MUB on a temporary basis, and is imposing a condition that the CED be moved within ninety (90) days after the conversions occur.

The Applicants have committed that, after the conversions, they would provide any additional information related to the applications and the conversions that the OCC requests. The Applicants also committed to abide by any requirements or conditions the OCC later imposes based on information obtained after this approval or other developments after this approval if such information or developments materially differ from the record the OCC relied upon in approving these applications. In this approval, the OCC is including conditions addressing these matters.²

Legal Authority

Conversions of state-licensed branches or agencies of foreign banks to Federal branches or agencies are authorized under section 4(f) of the International Banking Act of 1978, as amended (IBA):

Any branch or agency operated by a foreign bank in a State pursuant to State law and any commercial lending company controlled by a foreign bank may be converted into a Federal branch or agency with the approval of the Comptroller. In the event of any conversion pursuant to this subsection, all of the liabilities of such foreign bank previously payable at the State branch or agency, or all of the liabilities of the commercial lending company, shall thereafter be payable by such foreign bank at the branch or agency established under this subsection.

12 USC 3102(f). The OCC’s regulations implementing the IBA set out the process for applying to convert a state-licensed branch or agency to a Federally-licensed branch or agency and the standards for approval. See 12 CFR 28.12.³ The OCC reviewed the conversion applications,

² See 12 CFR 28.12(d) (“The OCC may impose conditions on its approval including a condition permitting future termination of activities based on the inability of the foreign bank to provide information on its activities, or those of its affiliate, that the OCC deems necessary to determine and enforce compliance with United States banking laws.”). Moreover, the condition the OCC is imposing in this approval is similar to requirements in the regulations addressing a context in which a foreign bank establishes a Federal branch or agency prior to complete OCC review, namely when a foreign bank establishes a Federal branch or agency by acquiring another foreign bank that has a Federal branch or agency. See 12 CFR 28.12(g)(3).

³ The standards of approval in 12 CFR 28.12(b) include factors set out in the IBA with respect to OCC consideration of an application to establish a Federal branch or agency, 12 USC 3102(c), as well as several other factors. For further discussion of OCC policies, procedures, and standards for conversions of state branches or
considered the factors in section 28.12(b), and determined they were consistent with approval. The conversions of the BTMU/MUTB Branches and Agencies to Federal branches and agencies are legally authorized.

The MUTB NY Branch also applied to exercise fiduciary powers after its conversion. A Federal branch may exercise fiduciary powers. 12 USC 3102(b) and (d). The OCC’s regulations require the branch to apply to the OCC for prior approval. See 12 CFR 28.12(a)(1)(ii) and 12 CFR 5.70(d)(2)(ii). The OCC reviews an application by a Federal branch for fiduciary powers under the standards of the statute and regulations governing fiduciary powers by national banks, which are applicable to Federal branches by 12 USC 3102(b).\textsuperscript{4} The fiduciary and custody activities of the MUTB NY branch are permissible under 12 USC 24(Seventh), 12 USC 92a, and 12 CFR Part 9.

Visitorial Authority and Applicability of State Law

Except as otherwise provided by the IBA or other Federal laws or regulations or as otherwise determined by the OCC, upon the effective date of the conversions, the operations of the Federally-licensed BTMU/MUTB Branches and Agencies shall be conducted with the same rights and privileges and subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply if such Federal branches and agencies were national banks operating at the same location, including but not limited to being subject to visitorial powers pursuant to 12 USC 484 and 12 CFR 7.4000 and to state law to the same extent and in the same manner as state law would apply if such Federal branches and agencies were national banks operating at the same location. Upon the effective date of the conversions, the Federal licenses for the Federally-licensed BTMU/MUTB Branches and Agencies supersede and replace the state licenses of the BTMU/MUTB Branches and Agencies previously operated at such locations, and the Federally-licensed BTMU/MUTB Branches and Agencies shall not be subject to the visitorial powers of the state authority by which each of their predecessors was licensed prior to the conversions.

Conditions

These approvals are subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States law, BTMU, MUTB, and the Federally-licensed BTMU/MUTB Branches and Agencies shall make available to the OCC such information on the operations and activities of BTMU, MUTB, the Federally-licensed BTMU/MUTB Branches and Agencies, and any of

\textsuperscript{4} The applicable fiduciary powers statutes and regulations are 12 USC 92a; 12 CFR Part 9; and 12 CFR 5.26. For further discussion of OCC policies, procedures, and standards for an application by a Federal branch to exercise fiduciary powers, see Comptroller’s Licensing Manual, Federal Branches and Agencies, at pages 68 - 73.
BTMU’s or MUTB’s affiliates that the OCC deems necessary to determine and enforce compliance by the Federally-licensed BTMU/MUTB Branches and Agencies with the IBA and other applicable Federal laws. If the disclosure of any required information is prohibited by law or otherwise, BTMU, MUTB, and the Federally-licensed BTMU/MUTB Branches and Agencies shall cooperate with the OCC including seeking timely waivers of or exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable BTMU, MUTB, the Federally-licensed BTMU/MUTB Branches and Agencies, and BTMU’s or MUTB’s affiliates to make any such information available to the OCC.

2. BTMU, MUTB, and the Federally-licensed BTMU/MUTB Branches and Agencies consent to the jurisdiction of the Federal courts of the United States and of all United States government agencies, departments, and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC, and any other United States government agency, department, or division, in any matter arising under the National Bank Act, the IBA, and other applicable Federal banking laws.

3. During their first three years of operations after the conversions, the Federally-licensed BTMU/MUTB Branches and Agencies (i) shall give the OCC’s International Banking Supervision Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC’s written determination of no objection for any such significant deviation or change. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to such notices.

4. Within five (5) business days after consummation of the conversions, BTMU, the Federally-licensed Primary NY Branch, and the Federally-licensed Secondary NY Branch shall execute a Stipulation and Consent to the Issuance of a Cease and Desist Order agreeing to the OCC’s issuance of a Cease and Desist Order issued by Consent imposing substantive requirements on the Federally-licensed Primary NY Branch and the Federally-licensed Secondary NY Branch based on the requirements imposed on the state branch by the NYSDFS Orders.

5. Following the conversions, if the OCC determines, in its discretion, to issue an informal or formal enforcement action to address BSA/AML or OFAC compliance issues at the Federally-licensed Primary NY Branch and the Federally-licensed Secondary NY Branch following an assessment, evaluation, or examination by the OCC of these areas, BTMU, the Federally-licensed Primary NY Branch, and the Federally-licensed Secondary NY Branch shall accept or consent to the issuance of such an action.

6. Within ninety (90) days after consummation of the conversions, the Federally-licensed BTMU/MUTB Branches and Agencies shall establish a CED (or CEDs) at an unaffiliated member bank acceptable to the OCC consistent with 12 USC 3102(g) and 12 CFR 28.15, and pursuant to an agreement in such form and containing such limitations and conditions
as prescribed by 12 CFR 28.15, to replace the CED established at MUB at the time of the conversions.

7. After the conversions, BTMU, MUTB, and the Federally-licensed BTMU/MUTB Branches and Agencies shall continue to provide the OCC with information related to the applications and the conversions upon the request of the OCC.

8. For one hundred eighty (180) days after the conversions unless the OCC extends the time period, if the OCC in its discretion deems it necessary to impose additional conditions based on information obtained after this approval or other developments after this approval if such information or developments materially differ from the record the OCC relied upon in approving these applications, BTMU, MUTB, and the Federally-licensed BTMU/MUTB Branches and Agencies shall adhere to such conditions.

These conditions of approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Conclusion

The Applicants have notified the OCC they have completed the steps and requirements set out in the Federal Branches and Agencies booklet of the Comptroller's Licensing Manual to be completed prior to converting. Accordingly, the conversions may be effected immediately. You are also reminded that:

- The Federally-licensed BTMU/MUTB Branches and Agencies must maintain adequate fidelity bond coverage.

- It is the responsibility of the board of directors, appropriate committee, or senior management to continue, review, and modify as appropriate, those policies, practices, and procedures necessary to ensure the safe and sound operation of the Federally-licensed BTMU/MUTB Branches and Agencies and ensure compliance with them.

- The Federally-licensed BTMU/MUTB Branches and Agencies must maintain their accounts, books, and records as prescribed by 12 CFR 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.

The Comptroller's Licensing Manual is available in electronic form on our Web site http://www.occ.gov/publications/publications-by-type/licensing-manuals/index-licensing-manuals.html, as are a number of other relevant booklets.

These approvals and the activities and communications by OCC employees in connection with the filings, do not constitute a contract, express or implied, or any other obligation binding upon
the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our decision is based on the Applicants' representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this decision, if a material change in information on which the OCC relied occurs prior to the date of the transactions to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, contact Kerry Rice, Licensing Analyst at (212) 790-4023 or by email at kerry.rice@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing

cc: Director for International Banking Supervision