



ORDER ISSUED UNDER SECTION 12–a OF THE NEW YORK BANKING LAW

WHEREAS, pursuant to Section 12–a (“Section 12–a”) of the New York Banking Law (the “Banking Law”), the Superintendent of Financial Services (the “Superintendent”) may issue an order authorizing one or more state-chartered banking institutions to exercise a federally permitted power (as such term is used in Section 12–a), subject to such terms and conditions as the Superintendent shall find necessary and appropriate; and

WHEREAS, banks, trust companies, and branches and agencies of foreign banks¹ make filings with the Department of Financial Services (the “Department”) in connection with operating subsidiaries (as defined below) under Part 14 of the General Regulations of the Superintendent (“Part 14”); and

WHEREAS, the Office of the Comptroller of the Currency (the “OCC”) has a regulation, 12 C.F.R. § 5.34 (“§ 5.34”), pursuant to which national banks and federally licensed branches and agencies of foreign banks make certain filings in connection with operating subsidiaries; and

WHEREAS, the OCC has amended § 5.34 over time to streamline and in some cases eliminate filings under § 5.34 for national banks and federally licensed branches and agencies of foreign banks; and

WHEREAS, Manufacturers and Traders Trust Company (the “Bank”) has requested relief under Section 12–a in order to be able to make certain filings under Part 14 in an equivalent manner to the filings that national banks make under § 5.34; and

¹ Unless otherwise indicated herein, references to banks and trust companies are references to banks and trust companies chartered by the State of New York, and references to branches and agencies of foreign banks are references to branches and agencies of foreign banks licensed by the State of New York.

WHEREAS, the Superintendent has considered the Bank's request and has also considered whether the requested relief should be extended to all banks, trust companies, and branches and agencies of foreign banks pursuant to Section 12-a; and

WHEREAS, the Bank's request has been published in the weekly bulletin of the Department, which is available on the internet, pursuant to Section 42 of the Banking Law, and at least thirty days have passed since such publication; no comments were received following publication in the weekly bulletin; and

WHEREAS, the Superintendent finds that enhancing the ability of banks, trust companies, and branches and agencies of foreign banks to make investments in and perform activities in operating subsidiaries in a manner equivalent to the procedures under § 5.34 to the extent set forth herein is consistent with the policy of the State of New York as declared in Section 10 of the Banking Law and thereby protects the public interest, including the interests of depositors, creditors, shareholders, stockholders, and consumers, and is necessary to achieve or maintain parity with respect to rights, powers, privileges, benefits, activities, loans, investments, or transactions between banks, trust companies, and branches and agencies of foreign banks and their federal counterparts—*i.e.*, national banks and federally licensed branches and agencies.

NOW, THEREFORE, BE IT ORDERED THAT

Notwithstanding anything in law or regulations to the contrary, pursuant to Section 12-a:

1. The following terms shall be defined as set forth below for the purposes of this Order:

“operating subsidiary” means a subsidiary that engages in activities in which a bank or trust company may engage and that meets the qualifications set forth in 12 C.F.R. § 5.34(e)(2)(i).

“previously approved activity” means any activity approved in published OCC precedent for a national bank, an operating subsidiary of a national bank, or a non-controlling investment of a national bank.

“tax equity finance transaction” means a transaction in which a bank or trust company provides equity financing to fund a project or projects but only to the extent necessary to allow such bank or trust company to use the tax credits or other tax benefits generated by such project or projects and where such equity financing is functionally equivalent to an extension of credit.

“well capitalized” means:

- (i) In the case of a bank or trust company, that such bank or trust company has at least the capital level described in 12 C.F.R. § 208.43(b)(l)(i) (with respect to member

banks or trust companies) or 12 C.F.R. § 324.403(b)(1)(i) (with respect to non-member banks or trust companies); or

- (ii) In the case of a branch or agency of a foreign bank, that such branch or agency has at least the capital level described in 12 C.F.R. § 4.7(b)(1)(iii).

“well managed” means:

- (i) In the case of a bank or trust company:
 - (A) Unless otherwise determined in writing by the Department, the bank or trust company has received a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System in connection with its most recent examination by its prudential regulator, and a rating of 1 or 2 for management, if such a rating is given; or
 - (B) In the case of a bank or trust company that has not been examined by the Department, such bank or trust company has available and is using managerial resources that the Department determines are satisfactory.
- (ii) In the case of a branch or agency of a foreign bank:
 - (A) Unless determined otherwise in writing by the Department, the branch or agency has received a composite ROCA supervisory rating (which rates risk management, operational controls, compliance, and asset quality) of 1 or 2 at its most recent examination by its prudential regulator, and a rating of 1 or 2 for risk management, if such a rating is given; or
 - (B) In the case of a branch or agency that has not been examined by the Department, such branch or agency has available and is using managerial resources that the Department determines are satisfactory.

2. A bank or trust company may acquire, establish, or initially invest in an operating subsidiary, or perform a new activity in an existing operating subsidiary, without filing an application or providing notice to the Department under Part 14, if the bank or trust company is well managed and well capitalized and the:

- (i) Activities of the new operating subsidiary are limited to those activities previously reported to the Department by the bank or trust company in connection with the establishment or acquisition of, or investment in, a prior operating subsidiary;
- (ii) Activities in which the new operating subsidiary will engage continue to be legally permissible for the operating subsidiary;

(iii) Activities of the new operating subsidiary will be conducted in accordance with any conditions imposed by the Department in approving the conduct of these activities for any prior operating subsidiary of the bank or trust company;

(iv) Operating subsidiary is a corporation, limited liability company, limited partnership, or trust; and

(v) Standards set forth in § 5.34(f)(2)(i)(C) are satisfied.

3. A bank or trust company may make additional investments in an existing operating subsidiary without filing an application or providing notice to the Department under Part 14 when the activities of that subsidiary, after that additional investment, will remain the same as before said investment.

4. A trust formed for purposes of securitizing assets held by the bank or trust company as part of its banking business is not an operating subsidiary, and therefore, a bank or trust company may acquire, establish, or make investments in such a trust without filing an application or providing notice to the Department under Part 14.

5. Except for an operating subsidiary that is exempt from application or notice procedures under section 2 above, a bank or trust company that is well capitalized and well managed may establish or acquire an operating subsidiary, or perform a new activity in an existing operating subsidiary, by providing the Department written notice under Part 14 no later than 10 days after acquiring or establishing the subsidiary, or commencing the new activity, if:

(A) Except as provided in the last paragraph of this section 5 below, the activity is substantively the same as a previously approved activity and will be conducted in accordance with the same terms and conditions applicable to the previously approved activity;

(B) The operating subsidiary is a corporation, limited liability company, limited partnership, or trust; and

(C) The standards set forth in § 5.34(f)(2)(i)(C) are satisfied.

The relief described in this section 5 does not apply if any governmental entity has or will charter or license the proposed operating subsidiary as a bank, trust company, or savings association.

6. The Department may, at any time, limit a bank's or trust company's investment in an operating subsidiary or may limit or refuse to permit any activities in an operating subsidiary for supervisory, legal, or safety and soundness reasons.

7. Notwithstanding sections 1 through 8 hereof, a bank or trust company shall provide written notification to the Department prior to engaging in each tax equity finance transaction that includes its evaluation of the risks posed by the transaction.²

8. Unless specifically provided otherwise, the above sections 1 through 7 apply to a foreign bank branch or agency that acquires, establishes, or maintains any operating subsidiary that a bank or trust company is authorized to acquire or establish under Part 14 in the same manner and to the same extent as if the foreign bank branch or agency were a bank or trust company, except that any ownership interest required herein applies to the parent foreign bank of the branch or agency and not to the branch or agency.

Nothing set forth in this Order affects the requirements of the Banking Law or the New York Financial Services Law and regulations thereunder, other than filing requirements under Part 14 to the extent set forth in this Order.

/s/ Adrienne A. Harris

Adrienne A. Harris

Superintendent of Financial Services

Dated: May 27th, 2025

² See 12 C.F.R. § 7.1025(d)(3).