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Comptroller of the Currency  
Administrator of National Banks

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Large Bank Licensing, LIC #7-13  
Washington, DC 20219

July 19, 2007

**Conditional Approval #811  
August 2007**

Mr. Curtis K. Tao  
Senior Bank Regulatory Counsel  
Citibank, N.A.  
425 Park Avenue  
2<sup>nd</sup> Floor/Zone 2  
New York, New York 10043

Re: Application by Citibank, N.A. Las Vegas, Nevada to acquire The BISYS Group, Inc. as operating subsidiaries to engage in support services for the financial services industry.  
Application Control Number: 2007-ML-08-0005

Dear Mr. Tao:

This is in response to your operating subsidiary application, filed on behalf of Citibank, N.A. (Citibank), dated May 22, 2007 to acquire the BISYS Group. The BISYS Group, directly and through its subsidiaries (collectively BISYS), provides administrative services for investment funds, wholesale distribution services for insurance companies and administrative services for company-sponsored retirement plans. Citibank, through an operating subsidiary, currently is engaged in providing funds administration and accounting and transfer agent services for investment funds.

Based on the representations and commitments made by the Bank and prior OCC precedent, the Bank's application to acquire the BISYS Group as operating subsidiaries is approved subject to the conditions described below.

## **PROPOSAL**

Citibank has proposed to acquire the entities of the BISYS Group as operating subsidiaries of the Bank. BISYS engages in a range of activities through its Investment Services Group and its Insurance Services Group. The Investment Services Group provides administration, advisory and distribution services for mutual funds, hedge funds, private equity funds, retirement plans, separately managed accounts, and other alternative investment products. The Insurance Services Group is an independent wholesale distributor of life insurance and commercial property casualty insurance, long-term care, disability and annuity products.

Citibank intends, within one year, to divest the retirement and insurance related entities and

transfer non-U.S. activities to an Edge corporation subsidiary of the Bank. The Bank also intends to wind-down the activities of certain registered broker-dealers that perform limited broker-dealer services at the request and on behalf of certain clients.<sup>1</sup>

Citibank intends to ultimately retain subsidiaries that will be engaged in the following activities:

- (1) Providing services to Citibank or its affiliates under 12 C.F.R. § 5.34(e)(5)(v)(B), including acting as a holding company, providing cash management, payroll and other services;
- (2) Serving as a transfer agent under 12 C.F.R. § 5.34(e)(5)(v)(W);
- (3) Providing services ancillary to acting as an investment advisor under 12 C.F.R. § 5.34(e)(5)(v)(I) such as administrative, accounting and director and corporate secretarial services; and
- (4) Providing financial and consulting correspondent services to financial institutions including financial services industry market research and analysis and consulting services.

The OCC has previously concluded that these activities are permissible for national banks and their operating subsidiaries.

## **Legal Authority**

### *1. Services for the operations of the Bank and its affiliates*

National banks and their operating subsidiaries may provide cash management services<sup>2</sup> and may furnish services for their internal operations or the operations of their affiliates, including: accounting, auditing, appraising, advertising and public relations, data processing and data transmission services, databases, or facilities.<sup>3</sup>

### *2. Transfer Agent*

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1 These broker-dealers perform services under individual client contracts. Following the BISYS Acquisition, these broker-dealers will continue their broker-dealer activities only to the extent required under existing contracts. The Bank expects that obligations to perform such activities would terminate, or such broker-dealers would be disposed of, within one year from the date of the consummation of the BISYS acquisition.

2 OCC Interpretive Letter No. 756 (November 5, 1996). The OCC also has concluded that a national bank's operating subsidiary can assume non-controlling investments in limited liability companies that conduct cash management, electronic payment, information reporting, and data processing services. OCC Conditional Approval Nos. 324 (August 17, 1999) and 333 (Oct. 19, 1999).

3 OCC Interpretive Letter No. 513 (June 18, 1990).

National banks and their operating subsidiaries may act as transfer agents.<sup>4</sup>

*3. Services ancillary to acting as an investment advisor*

National banks and their operating subsidiaries may offer a broad range of administrative and investment advisory services to financial institutions.<sup>5</sup> The OCC has determined that administrative services are incidental to the related provision of investment advisory and brokerage services.<sup>6</sup>

*4. Financial and consulting correspondent services to financial institutions*

National banks and their operating subsidiaries may offer financial and consulting services for other financial institutions, including market research and analysis, strategic planning, advertising and promotion planning and product development to banks and commercial customers.<sup>7</sup>

## CONCLUSION

Based a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives, the OCC conditionally approves Citibank's acquisition of BISYS and its related entities. The approval is conditioned upon Citibank divesting or discontinuing any non-conforming operating subsidiary activities within one year of consummation, as represented in the application. The activities that will be conducted in the subsidiaries retained by the Bank are permissible for an operating subsidiary of a national bank.

The condition of approval is a "condition" imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

This approval and the activities and communications by OCC employees in connection with the filing 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. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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4 OCC Interpretive Letter No. 648 (May 4, 1994).

5 *Id.*

6 *Id.*

7 OCC Interpretive Letter No. 137 (December 27, 1979). *See also* 12 C.F.R. § 5.34(5)(v)(F).

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If you have questions regarding this letter, please contact me at (202) 874-5294 or by email at: [Stephen.Lybarger@occ.treas.gov](mailto:Stephen.Lybarger@occ.treas.gov). Please reference the application control number in any correspondence

Sincerely,

*signed*

Stephen A. Lybarger  
Acting Deputy Comptroller