Office of the Comptroller of the Currency

Washington, DC 20219

Corporate Decision #2015-08
November 2015

June 24, 2015

William S. Eckland, Esq.
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005

Subject: Rebuttal of Control Submission Filed by The Capital Group Companies, Inc., Brea, California

Dear Mr. Eckland:

This letter is in response to the Rebuttal of Control Submission (Rebuttal) filed with the Office of the Comptroller of the Currency (OCC) by The Capital Group Companies, Inc., Brea, California (CGC), its direct and indirect financial management subsidiaries (the CGC Management Companies), and those subsidiaries' managed investment funds and investment accounts (collectively, the CGC-Advised Entities, and with CGC and the CGC Management Companies, the CGC Parties),[1] pursuant to 12 C.F.R. § 5.50(f)(2)(iii) and (vi).[2] In the Rebuttal, CGC states that from time to time the CGC Parties may acquire more than ten percent, but less than 15 percent, of a class of voting securities of one or more national banks, and that they seek to rebut the presumptions of control that arise under 12 C.F.R. § 5.50(f)(2)(iii) with respect to such acquisitions by providing standing passivity commitments (Commitments) to the OCC.

[1] The CGC Management Companies are owned by CGC, typically have full discretionary authority to purchase and sell securities for the accounts for their clients, and in many cases may vote the proxies for securities held by their clients. These subsidiaries include Capital Research and Management Company, Capital Group International, Inc., Capital Guardian Trust Company, Capital International, Inc., Capital International KK, Capital International Limited, Capital International Sàrl, Capital International Management Company, Sàrl and Capital Group Investment Management Limited.

[2] The OCC published a final rule on May 18, 2015 that, among other things, made certain changes to 12 C.F.R. § 5.50. Since the new rule will not be effective until July 1, 2015, this memorandum will cite the previous rule in effect as of June 2015. Although the rule changes are not material to this decision, some rule provisions cited in this memorandum may differ after the new rule goes into effect.

For the purposes of the Change in Bank Control Act (CBCA), 12 U.S.C. § 1817(j), and 12 C.F.R. § 5.50, a person[3] controls a national bank if that person: (i) directly or indirectly or acting in concert through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the national bank; (ii) controls in any manner the election of a majority of the directors of the national bank; or (iii) directly or indirectly exercises a controlling influence over the management or policies of the national bank. The OCC set forth through its regulation 12 C.F.R. § 5.50 certain rebuttable presumptions of control. One such presumption is that a person or persons control a national bank if, individually or collectively, they "acquire ownership of, or the power to vote, ten percent or more of a class of voting securities of a national bank" and either the national bank has registered securities or no other person owns or controls a greater percentage of the same class of voting securities of the national bank. [4]

CGC has proposed the Commitments as a mechanism to ensure that the CGC Parties would not exercise a controlling influence over a national bank for the purposes of the CBCA and to rebut the regulatory presumption of control for the purposes of 12 C.F.R. § 5.50(f)(2)(iii) and (vi). In particular, the Commitments state that the CGC Parties collectively would not own or control an amount equal to or exceeding 15 percent of any class of voting securities of a national bank, and neither CGC nor any CGC-Advised Entity would individually own or control an amount equal to or exceeding ten percent of any class of voting securities of a national bank. In addition, the Commitments state that CGC will use its best efforts to vote shares of a national bank owned or controlled by the CGC Parties in excess of ten percent (excess shares) in the same proportion as all other shares of the national bank not owned by the CGC Parties are voted. In the event that CGC's best efforts are unsuccessful, CGC would not vote any excess shares.

In support of the Rebuttal, CGC represents that it is the business of CGC and the CGC Management Companies to operate and provide investment advice to the CGC-Advised Entities, and that the proposed acquisitions in national banks would constitute investments made by the CGC-Advised Entities rather than proprietary investments made by CGC. CGC further represents that the CGC-Advised Entities are not operating companies, and that CGC does not lend to the CGC-Advised Companies or to their portfolio companies. Moreover, CGC represents that it is not in the business of operating or controlling national banks or any other financial institutions, and that the proposed acquisitions will be made for investment purposes with the expectation of resale and not for the purpose of exercising a controlling influence over the management or policies of any national bank.

In view of the Commitments made by CGC and the facts described in this letter, provided that CGC and the CGC Parties comply with the Commitments, the OCC concludes that the information submitted is sufficient to rebut the presumption of control, and accordingly, accepts the Rebuttal.

---

[3] Pursuant to the OCC change in control regulations, "person" is defined broadly and includes "an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, or any other form of entity, and includes voting trusts and voting agreements and any group of persons acting in concert." 12 C.F.R. § 5.50(d)(6).

[4] 12 C.F.R. § 5.50(f)(2)(iii).

The conclusions herein are specifically based on CGC's representations and written submissions describing the facts and circumstances of the subject transactions. Any change in facts or circumstances or failure to comply with the Commitments could result in a different conclusion. In addition, this letter expresses no opinion as to whether a Bank Holding Company Act notice to the Federal Reserve would be required for transactions involving investments in bank holding companies or savings and loan holding companies. In addition, this letter expresses no opinion as to whether a CBCA notice would be required for transactions involving direct investments in state-chartered depository institutions or federal savings associations.

This letter and the activities and communications by OCC employees in connection with this letter 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.

If you have any questions about this matter, please contact Lane Langford (202-649-6333), John Soboeiro (202-649-6204), or Matthew Tynan (202-649-7264) of the OCC Chief Counsel's Office.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing
Office of the Comptroller of the Currency

Appendix
Proposed Commitments by The Capital Group Companies, Inc. to the OCC

The Capital Group Companies, Inc. together with its direct and indirect subsidiaries (collectively, "Capital Group") hereby commits to the OCC that any investments by it in 10 percent or more of any class of voting securities of a national bank or a company that controls a national bank but is not a bank holding company under the Bank Holding Company Act of 1956 (each, a "Bank") will be conducted in accordance with the commitments and restrictions below.

1. Capital Group will not, directly or indirectly, alone or acting in concert with others:

   a. Acquire or retain securities directly or indirectly that would cause (i) the combined interests of Capital Group and its affiliates to equal or exceed 15 percent of any class of voting securities of a Bank, or (ii) the interests of any single fund or account managed by Capital Group and its affiliates to equal or exceed 10 percent of any class of voting securities of a Bank;

   b. Take any action that would cause a Bank or any of its subsidiaries to become a subsidiary of Capital Group or any of its affiliates;

   c. Have or seek to have any representative serve on the board of directors of a Bank, or to nominate any candidate to serve, or otherwise seek representation, on the board of directors of a Bank;

   d. Have or seek to have any representative of Capital Group serve as an officer, agent or employee of any Bank or its subsidiaries;

   e. Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by management or the board of directors of a Bank;

   f. Seek or use any material non-public information concerning a Bank;

   g. Engage in any communications with directors, officers, or employees of a Bank for the purpose of (i) influencing or directing management decisions or policies, or (ii) controlling or attempting to control a Bank;

   h. Attempt to influence the dividend policies; loan, credit, or investment decisions or policies; pricing of services; personnel decisions; operations activities (including the location of any offices or branches or their hours of operation, etc.); or any similar activities or decisions of any Bank or any of its subsidiaries;

   i. Enter into any agreement with a Bank or any of its subsidiaries that substantially limits the discretion of the Bank's management over major policies and decisions, including, but not limited to, policies or decisions about employing and compensating executive

officers; engaging in new business lines; raising additional debt or equity capital; merging or consolidating with another firm; or acquiring, selling, leasing, transferring, or disposing of material assets, subsidiaries, or other entities;

j. Solicit or participate in soliciting proxies with respect to any matter presented to the shareholders of a Bank or any of its subsidiaries;

k. Dispose or threaten to dispose of securities of a Bank in any manner as a condition of specific action or nonaction by the Bank.

2. Capital Group's acquisition of any securities subject to these commitments will be made exclusively for investment purposes.

3. Capital Group will engage only in normal, customary transactions with a Bank, and may only take actions with the Bank that are in the ordinary course of business, legal, and at arms' length.[5]

4. Capital Group will use its best efforts to provide that shares in excess of 10 percent of any class or series of voting securities of a Bank ("excess shares") will be voted in proportion to the vote taken on all shares that are not excess shares.

5. Capital Group will not dispose of voting securities of a Bank:

a. To any person if Capital Group knows that such person seeks to change the control of the Bank in any manner;

b. To any person whom Capital Group knows (i) has made a filing with the U.S. Securities and Exchange Commission or other federal agency with respect to the ownership of more than 5 percent of the Bank's voting securities, or (ii) would be required to do so as a result of the purchase from Capital Group; or

c. In an amount of more than 5 percent of the Bank's voting securities in any single transaction (including a bunched trade);

Provided that notwithstanding paragraphs (a) through (c) above, Capital Group may dispose of its stock in a Bank in the following circumstances:

[5] A purchase by Capital Group of debt (i) issued by the Bank in a public or private offering to multiple investors, where the price and key terms are standardized across investors and not privately negotiated between Capital Group and the Bank, shall be considered a normal, customary transaction and (ii) issued by the Bank from a third party in the secondary market will not be treated as a transaction with the Bank; provided, that, in no event shall the total amount of debt of the Bank held by Capital Group exceed 25% of the issued and outstanding debt of the Bank. For these purposes, "debt" means any security, bond, debenture, note, or other similar instrument that in each case evidences a liability of the issuer (including any security of this type that is convertible into stock or a similar security) and fractional or participation interests in one or more of any of the foregoing.

(i) In a cross trade between two Capital Group entities in compliance with the rules governing such cross trades under the Investment Company Act of 1940, as amended (the "1940 Act");

(ii) In a sale by Capital Group to the Bank or one of its subsidiaries;

(iii) In a tender or exchange offer for voting stock of the Bank; or

(iv) In a widespread public distribution effected on a stock exchange or otherwise (which may include a sale to one or more broker-dealers acting as market makers or otherwise intending to resell the shares sold to it or them in accordance with its or their normal business practices).

6. Before deviating from any of the foregoing commitments, Capital Group will either file a change in bank control notice pursuant to the Change in Bank Control Act and OCC regulations, or obtain a written opinion from the OCC that such a notice is not required.