



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

December 8, 2017

Mr. Salvatore P. Palazzolo
Managing Director and Senior Counsel
Deutsche Bank AG
60 Wall Street
New York, New York 10005

Dear Mr. Palazzolo:

This responds to the request by Deutsche Bank AG (“Deutsche Bank”), Frankfurt, Germany, dated April 17, 2017, that the Board permit Deutsche Bank to hold its ownership interest in three U.S. subsidiaries (“HFM Subsidiaries”) outside of the intermediate holding company (“IHC”) established by Deutsche Bank for purposes of compliance with Regulation YY.¹

As of June 30, 2015, Deutsche Bank had U.S. non-branch assets in excess of \$50 billion and is required, under Regulation YY, to hold its entire ownership interest in all U.S. subsidiaries under its IHC by July 1, 2017.²

Deutsche Bank indirectly controls the HFM Subsidiaries by virtue of its 30 percent equity interest in Harvest Fund Management Company Limited (“Harvest”), a privately held asset management company organized under the laws of the People’s Republic of China (“PRC”).³ Deutsche Bank’s acquisition of its interest in the HFM Subsidiaries was approved by the China Securities Regulatory Commission, as required under PRC law. In 2008, Harvest formed a wholly owned subsidiary, Harvest Global Investments Limited (“HGI”), which is organized under the laws of Hong Kong SAR and provides investment management advisory services to a variety of clients primarily

¹ 12 CFR 252.152(c).

² 12 CFR 252.152(c)(2)(ii).

³ The remaining 70 percent interest is owned by two PRC-based companies.

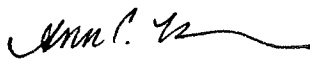
located outside of the PRC. HGI wholly owns the HFM Subsidiaries, which are domiciled in the United States. The sole operating company of the HFM Subsidiaries, HGI USA, has three employees and engages only in marketing activities for HGI's investment advisory services. The HFM Subsidiaries have, as of year-end 2016, total consolidated assets of approximately \$4.9 million.

Deutsche Bank represents that it cannot unilaterally transfer the HFM Subsidiaries, or its interest in Harvest, to its IHC. Deutsche Bank does not have the ability to compel Harvest to sell or otherwise transfer the HFM Subsidiaries to Deutsche Bank's IHC, as it is a minority shareholder of Harvest with limited board representation and governance rights, and its partners in the venture are unlikely to consent to the transfer.

Exclusion of the HFM Subsidiaries will not have a material impact on the regulatory capital or liquidity requirements of Deutsche Bank's IHC. Granting the request would not undermine the supervisory or regulatory goals of the Board and does not pose a risk to the financial stability of the U.S. banking or financial system.

Based on all the facts and representations set forth in Deutsche Bank's request and in related correspondence, the Director of the Division of Supervision and Regulation, with the concurrence of the Chairman of the Committee on Supervision and Regulation and the General Counsel and acting pursuant to authority delegated by the Board, has approved Deutsche Bank's request to not transfer its interest in the HFM Subsidiaries to its IHC. Any change in the facts presented could result in a different conclusion and should be reported immediately to supervisory staff at the Federal Reserve Bank of New York. For purposes of this action, these representations and commitments constitute conditions imposed in writing in connection with the findings and decisions herein and, as such, may be enforced in proceedings under applicable law.⁴ This action should not be construed as granting relief from any other conditions, commitments, or requirements to which Deutsche Bank may be subject.

Very truly yours,



Ann E. Misback
Secretary of the Board

⁴ 12 U.S.C. § 1818(b).