



July 24, 2019

**Conditional Approval #1225  
August 2019**

Mr. Paul W. Scott  
Senior Counsel, Office of the General Counsel  
Vanguard  
P.O. Box 2600  
Valley Forge, PA 19482-2600

Re: Rebuttal of Control of DSRM National Bank, Albuquerque, NM (Charter No. 23097) filed by The Vanguard Group, Inc.  
OCC Control Number 2019-WE-CBCA-309851

Dear Mr. Scott:

This is in response to your letter of July 3, 2019. The Vanguard Group, Inc., and its subsidiaries and affiliates, together with the other investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional accounts that are sponsored, managed, or advised by The Vanguard Group (Vanguard Parties) are seeking to rebut control of DSRM National Bank (DSRM) pursuant to 12 CFR 5.50(f)(2)(viii). Vanguard Parties propose to control 10 percent or more of the voting shares of DSRM's top tier holding company, Valero Energy Corporation (Valero), thereby causing Vanguard to be presumed to indirectly control DSRM for purposes of the Office of the Comptroller's (OCC) regulations, 12 CFR 5.50(f)(2)(iii), implementing the Change in Bank Control Act, 12 USC 1817j et seq.

Vanguard Parties propose from time to time to hold 10 percent or more but less than 25 percent of the stock of Valero as part of their ordinary course investment activities. The filing states that Vanguard Parties do not seek to exercise control or to influence the day-to-day management or policies of Valero or DSRM. To rebut the presumption of control and ensure that Vanguard Parties will not exercise a controlling influence over Valero or DSRM, Vanguard Parties have provided the attached Passivity Commitments, which are consistent with the commitments set out in the "Change in Bank Control" booklet of the *Comptroller's Licensing Manual*.

Based on the Passivity Commitments, the OCC has found that the information submitted is sufficient to rebut the presumption of control and poses no objection to Vanguard Parties' retention or acquisition of ownership of Valero's voting shares aggregating 10 percent or more but less than 25 percent. This decision to grant a waiver of the requirements to file a "Notice of Change in Bank Control" is subject to the condition that the Vanguard Parties adhere to the conditions and requirements of the attached Passivity Commitments. This condition is a condition "imposed in writing by a federal banking agency in connection with any action on any

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application, notice, or other request” within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

This decision does not change or eliminate any future filing requirements under the Change in Bank Control Act or any related regulations (12 USC 1817j and 12 CFR 5.50) should the facts or circumstances of the ownership structure change.

This decision 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. Our decision is based on the Vanguard Parties’ 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 the information on which the OCC relied occurs prior to the date of the transaction 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.

Please include the OCC Control Number on any correspondence related to this filing. If you have any questions, please contact Senior Licensing Analyst Carla S. Holiman at 770-280-4428 or [carla.holiman@occ.treas.gov](mailto:carla.holiman@occ.treas.gov).

Sincerely,

/s/

Stephen A. Lybarger  
Deputy Comptroller, Licensing

Attachment

**PASSIVITY COMMITMENT BY THE VANGUARD GROUP, INC.  
RE INVESTMENTS IN 10% OR MORE OF ANY CLASS OF VOTING SECURITIES  
ISSUED BY VALERO ENERGY CORPORATION**

The Vanguard Group, Inc., Malvern, Pennsylvania, and its subsidiaries and affiliates and, together with the investment companies registered under the Investment Company Act of 1940, other pooled investment vehicles, and institutional accounts that are sponsored, managed, or advised by Vanguard (the “Vanguard Parties”) hereby agree with and commit to the Office of the Comptroller of the Currency (“OCC”) that the Vanguard Parties’ investments in 10% or more of any class of voting securities issued by Valero Energy Corporation (“Valero”) will be conducted in accordance with the following commitments:

1. Any acquisition of shares equal to or in excess of 10% of a class of voting securities in Valero will be exclusively for investment purposes.
2. The Vanguard Parties will not:
  - a. Seek to serve on the board of directors of Valero or DSRM National Bank, nor will they have more than one representative on Valero’s board or DSRM National Bank’s board; and
  - b. Pledge the shares acquired in Valero to secure a loan with any financial institution.
3. The Vanguard Parties will have only limited contacts with Valero’s and DSRM National Bank’s management that are customary for interested shareholders.
4. The Vanguard Parties will engage in only normal and customary banking transactions with Valero and DSRM National Bank.
5. The Vanguard Parties will grant management a proxy for all voting shares of Valero equal to or in excess of 10% of the outstanding voting shares (“excess shares”), directing that such excess shares be voted in the same proportion as all other shares voted by all other shareholders.

The Vanguard Parties also agree that, in the event any of the above commitments are not strictly adhered to, the Vanguard Parties will have intentionally exercised a controlling interest in Valero and, therefore, will be subject to administrative action by the OCC.

Finally, the Vanguard Parties agree to file a notice or otherwise receive a written opinion from the OCC that a notice need not be filed, if the Vanguard Parties wish to deviate from any of the above commitments.

/s/ Laura J. Merianos  
Laura J. Merianos, Principal  
The Vanguard Group, Inc.