

# **MEMORANDUM OF UNDERSTANDING**

**Between the**

**Central Bank of The Bahamas**

**and the**

**[Overseas Supervisory Authority]**

**regarding Cooperation on Bank Supervision Matters**

The **Central Bank of The Bahamas and the [Overseas Supervisory Authority]** hereafter referred to as “the Parties”, guided by principles for the effective consolidated supervision of banking organizations and by principles for cooperation between banking supervisors as established in the Basel Committee’s Core Principles for Effective Banking Supervision, have agreed as follows:

1. For the purposes of this Memorandum of Understanding:

- “banking organization” is a bank or trust company which carries on banking business or trust business and whose activities are subject to licensing and bank supervision by the Parties;
- “bank supervision” includes the supervision of the activities of both banks and trust companies, as defined by the national laws of the respective countries;
- “supervisory information” is the information received or obtained during the process of performing bank supervision functions, as well as through the exchange of information and the conduct of on-site inspections pursuant to this Memorandum of Understanding, by either of the bank supervision authorities. Supervisory information shall not generally include information on assets under management and individual customer deposit accounts and transactions; and,
- “cross border establishment” means a branch, subsidiary, representative office, or any other business activity of a banking organization within either of the countries which, by common agreement, gives rise to the need for consolidated supervision.
- “home country” is the country of licensing of a banking organization which has established a branch, subsidiary, or representative office in another country, the “host country”.
- The “requesting party” means the party making a request under this Memorandum.

- The “requested party” means the party receiving a request under this Memorandum.

2. The parties agree to cooperate in supervising cross-border establishments as follows:

### **Provision of Supervisory Information**

2.1 In connection with the supervision of banking organizations licensed in one country that have cross-border establishments in the other country, the Parties agree to provide, on a reciprocal basis, supervisory information on any material changes pertaining to banking organizations under their supervision, such as restrictions on the range of permitted business activities, suspension or modification or revocation of a license, appointment of a provisional administrator, and reorganization or liquidation.

### **Off-site Supervision**

2.2 In exercising on-going off-site supervision through collecting, examining, and analyzing information and financial and statistical reports submitted by cross-border establishments in host countries, the Parties agree that:

- the host country Party will exercise prudential supervision over the activities of cross-border establishments in accordance with its national legislation and regulations and its established supervisory programs;
- the host country Party will not prevent the cross-border establishments from submitting, to their parent banking organizations, information and other reports necessary to complete consolidated reports or specific reports in accordance with the requirements of the home country Party, provided that such information will not generally include the names of depositors; and,
- the Parties undertake to use their best endeavors to provide timely, relevant information to their counterpart on material developments or material supervisory concerns affecting cross-border establishments, their directors, management, or staff, as well as any material administrative penalties or other formal enforcement action affecting the cross-border establishment.

### **On-site Inspections**

2.3 In effecting the conduct of on-site inspections of cross-border establishments for the purpose of consolidated supervision:

- the Requested Party will not prevent the Requesting Party from carrying out on-site inspections for bank supervision purposes (either directly or through delegated third-party agents on its behalf), subject to the requirements and limitations of the Requested Party’s national legislation;

- the Requesting Party will notify the Requested Party of its intention to inspect a cross-border establishment, indicating the purpose and the planned scope of the inspection, which may include the review of the loans and investment portfolio for the purpose of consolidated supervision;
- the Requested Party agrees to provide, at the request of the Requesting Party, access to any available supervisory information relevant to the conduct of the on-site inspection, subject to the limitations and requirements of the Requested Party's national legislation;
- representatives of the Requested Party have the right to be present during the on-site inspections and related meetings conducted by representatives of the Requesting Party; and,
- following the on-site inspection, the representatives of the Requesting Party will discuss the results of the inspection with the Requested Party.

### **Execution of Requests and Responses**

3. The Parties agree that a request for assistance or supervisory information shall generally be made in writing but, when a need for expeditious action is identified, an oral request, subsequently confirmed in writing, within 3 days of the request will be adequate.

4. The Parties agree to take all necessary measures to provide as prompt and as complete a response as possible. The Requested party will notify the Requesting Party regarding any circumstances preventing or delaying the fulfillment of a request for information or assistance.

5. The Parties agree to independently bear the expenses involved in the implementation of this Memorandum of Understanding, unless an alternative procedure is agreed upon in writing, signed by both parties.

### **Confidentiality of Information**

6. The Parties agree that, within the framework of this Memorandum of Understanding, supervisory information and documents shall be provided to the extent reasonable and subject to national statutory provisions including those restricting disclosure. A request for information, documents, or assistance may be denied wholly or partially if the Requested Party determines that the fulfillment of the request will violate its national legislation, or that it may harm significant national interests, or on grounds of public interest, or when disclosure would interfere

with an ongoing investigation. In such cases, the Requesting Party will be notified about the denial and provided reasons for the denial in writing, where appropriate.

7. The Parties agree that each Party will always ensure the confidentiality of supervisory and other information and documents received from the other Party pursuant to the requirements and restrictions of their relevant national law.

8. The Parties agree that supervisory information that is received by either Party will not be used, without the consent of the Party that provided it, for any purposes other than for the purposes for which it was requested and provided.

9. The Parties agree that, unless disclosure is legally compelled, supervisory and other information and documents received by either party pursuant to this Memorandum of Understanding will not be passed to a third Party or otherwise released from the control of the receiving Party without the prior consultation with and written consent of the Party that provided the information and documents. In the event that the Party that received the information is compelled by judicial order to disclose it, that Party will notify the Party that provided the information or documents, indicating what it is compelled to release and, if so requested by the other Party, use its best endeavors to preserve the confidentiality of the information to the extent permitted by its relevant national law.

### **Administrative Points**

10. The Parties agree to regularly provide, on a reciprocal basis, information on applicable national banking legislation and regulations, bank supervision and regulatory standards and requirements, and any material changes in them, in particular on those matters having a material bearing on the activities of cross-border establishments.

11. Copies of the relevant national laws and regulations of both Parties that are currently in force are attached as an Appendix to this Memorandum of Understanding.

12. This Memorandum of Understanding does not create any binding legal obligations on the Parties.

13. The Parties agree that the term of this Memorandum of Understanding will continue unless either Party submits to the other, within 3 days of its intention to terminate this Memorandum of Understanding, a written notice of such intent.

14. The Parties agree to exchange identical copies of this document in the English language, each copy being considered an original, signed by the persons duly authorised by the respective Parties to execute this document on their behalf. The Parties agree that this Memorandum of

