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Bank Of England Memorandum Of Understanding 1998

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TRANSFER PROVISIONS OF BANK MOU TO FSA

A Memorandum of Understanding was entered into between the Bank of England (the "Bank") and the Federal Reserve Board, the OCC and the FDIC (the Bank and US signatories together constituting the "Authorities") on November 19, 1996 . This provided for the sharing of supervisory information to facilitate the performance of the Authorities' respective duties relating to banking supervision.


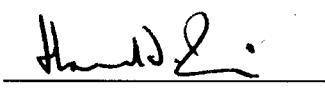
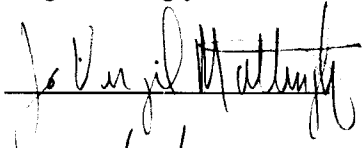
The Authorities recognise that the Bank's responsibilities for supervising banks, listed money market institutions and related clearing houses will be transferred in 1998 to the Financial Services Authority (the FSA, previously known as the Securities and Investments Board). The transfer of banking supervision will take place following enactment of the Bank of England Bill, which will make consequential changes to the Banking Act 1987. The Bill received Royal Assent in April and the FSA will acquire its new powers to supervise banks on 1 June 1998.

The purpose of this side-agreement is to ensure that the co-operation provided for under the Memorandum of Understanding agreed between the Bank and the Federal Reserve Board, the OCC and the FDIC on November 19, 1996 will continue after the transfer of banking supervision from the Bank to the FSA. The provisions of the MoU will, from the time of that transfer, cease to apply between the Bank and the Federal Reserve Board, the OCC and the FDIC and continue in effect between the FSA and the Federal Reserve Board, the OCC and the FDIC. From that date, all references to the Bank in the MoU should be taken as references to the FSA in its capacity as supervisor of banks under the Banking Act 1987 as amended.



The scope of this agreement is confined to ensuring continuity in the arrangements for sharing supervisory information between the Federal Reserve Board, the OCC, the FDIC and the FSA in its future capacity as banking supervisor. Insofar as the FSA has existing MoUs with overseas regulators, including some banking supervisors, in relation to investment business, they will continue in existence for that purpose.

Following the transfer of banking supervision to the FSA, further legislation will be introduced under which the FSA will eventually become the single statutory financial regulator in the UK (the FSA already exercises statutory responsibilities in relation to the regulation of investment business). It may then be appropriate to discuss the need for a revised single MoU between the Federal Reserve Board, the OCC, the FDIC and the FSA, taking into account the latter's wider responsibilities.

Signed on	Bank of England	Financial Services	Federal Reserve Board
behalf of:		Authority	

by	Michael Foot	Howard Davies	Virgil Mattingly
Signature	<u></u>	<u></u>	<u></u>
Date	<u>18 Aug 1998</u>	<u>18/5/98</u>	<u>5/21/98</u>

Signed on	Office of the Comptroller	Federal Deposit Insurance
behalf of:	of the Currency	Corporation

by	Susan Krause	Nicholas Ketcha
Signature	<u></u>	<u></u>
Date	<u>May 28, 1998</u>	<u>6/1/98</u>



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 9, 1998

Mr. Paul Wright
Head of North America & Japan Division
Supervision & Surveillance
Bank of England
Threadneedle Street
London EC2R 8AH
England

Dear Paul:

*PADW
11/6*

As requested in your letter dated May 19, 1998, representatives of the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have executed the "Side Letter" to transfer the provisions of the Memorandum of Understanding between the U.S. banking agencies and the Bank of England to the Financial Services Authority. We are pleased to enclose one original copy for your records.

We look forward to working with you and others at the FSA in the future.

Very truly yours,

A handwritten signature in cursive script that reads "Kathleen".

Kathleen M. O'Day
Associate General Counsel

Enclosure

PADW 9702 11/6

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Filed as 1911195

MEMORANDUM OF UNDERSTANDING

In view of the fact that a number of banking organizations incorporated in the United States and the United Kingdom have material operations in each of the respective jurisdictions, the Board of Governors of the Federal Reserve System (the "Board"), the Federal Deposit Insurance Corporation (the "FDIC"), the Office of the Comptroller of the Currency (the "OCC") and the Bank of England (the "Bank") have reached the following understanding in order to establish an arrangement for the sharing of supervisory information to facilitate the performance of their respective duties:

SHARING OF INFORMATION

1. The Board, the FDIC and the OCC each will endeavor to notify the Bank and provide relevant information regarding a material supervisory concern that it may have in respect of:

(a) a U.K. banking organization or any of its U.S. branches, agencies, representative offices (collectively, "branches") or subsidiaries; and

(b) the U.K. branches or subsidiaries of a U.S. banking organization.

2. The Bank will endeavor to notify the Board, the FDIC or the OCC, as appropriate, and provide relevant information regarding a material supervisory concern that it may have in respect of:

(a) a U.S. banking organization or any of its U.K. branches or subsidiaries; and

(b) the U.S. branches or subsidiaries of a U.K. banking organization.

3. The term "material supervisory concern" encompasses a matter relating to (a) whether the operations of a banking organization are conducted in a safe and sound manner and in conformance with applicable prudential standards; (b) whether there has been evidence of a material violation of law; or (c) events that would have a material adverse effect on the financial stability of financial institutions in the country of the other authority or authorities. A material supervisory concern as described herein would include concerns that arise from actions of affiliates or associates of the banking organization.

4. Where remedial action is called for to address a material supervisory concern as described above, the Board, the FDIC or the OCC, as the case may be, will endeavor to notify the Bank and the Bank will endeavor to notify the Board, the FDIC or the OCC, as appropriate, promptly once the appropriate action has been taken and the supervisory concern addressed.

5. In carrying out the undertakings of paragraphs 1(b), 2(b) and 4 in the case of a U.S. or U.K. banking organization facing serious financial difficulties that could have a material adverse impact on the operations of such banking organization in the respective host country, the Board, the FDIC, the OCC and the Bank recognize that close liaison between home and host authorities would be mutually advantageous. The Board, the FDIC, the OCC and the Bank will endeavor to communicate such information as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts by the home country authority to resolve the bank's difficulties and restore confidence in the bank.

6. In addition to the procedures outlined in paragraphs 1-5 above, upon written request to the Board, the FDIC or the OCC signed by an authorized official of the Bank, the authority or authorities receiving such request may provide to the Bank information contained in reports of examination or inspection of the U.S. branches or subsidiaries of a U.K. banking organization; and any other confidential supervisory information regarding a U.K. banking organization or its U.S. branches and subsidiaries that is obtained as part of the supervisory process. Such information normally would not include customer account information unless this is of particular relevance to the supervisory concern prompting the request.

7. In addition to the procedures outlined in paragraphs 1-5 above, upon written request to the Bank signed by an authorized official of the Federal Reserve System, the FDIC or the OCC, as the case may be, the Bank may provide to the authority or authorities making such request information contained in any reports concerning the U.K. branches or subsidiaries of a U.S. banking organization; and any other confidential supervisory information regarding a U.S. banking organization or its U.K. branches and subsidiaries that is obtained as part of the supervisory process. Such information normally would not include customer account information unless this is of particular relevance to the supervisory concern prompting the request.

8. When there is a need for expedited action, requests for information under paragraphs 6 and 7 may be initiated in any form, including orally, but shall be confirmed subsequently in writing. The authorities will endeavor to provide information as quickly as possible in such circumstances.

9. The Board, the FDIC and the OCC each undertake to provide to the Bank, and the Bank undertakes to provide to the Board, the FDIC or the OCC, as appropriate, other information: (a) reasonably required by the other to facilitate a determination whether a proposed branch or subsidiary meets the requirements for authorization in the host country or continues to meet the requirements for authorization, (b) regarding the extent and nature of its supervision on a consolidated basis of banking organizations with operations in the other country, and (c) concerning material changes in or developments with respect to its supervisory regime. Such information may be supplied either upon request or at such times as the authorities may mutually agree.

PERIODIC MEETINGS

1. Representatives of the Bank and the Federal Reserve System, the Bank and the FDIC, and the Bank and the OCC will endeavor to meet at least annually to discuss general supervisory developments as well as issues concerning banking organizations which maintain operations in both the United States and the United Kingdom. In addition, every effort will be made to encourage continuous and informal contacts between the staff at the Bank and the staffs at the Federal Reserve System, the FDIC and the OCC.

NOTIFICATION OF OR REQUESTS FOR EXAMINATIONS IN THE HOST COUNTRY

1. The Board, the FDIC or the OCC, as the case may be, will notify the Bank of plans to examine any branch or subsidiary of a U.S. banking organization located in the United Kingdom and the Bank will notify the Board, the FDIC or the OCC, as appropriate, of plans to inspect any branch or subsidiary of a U.K. banking organization in the United States. The authority in the country where such examinations or inspections are to take place may inform the examining or inspecting authority of any subject matter in which it has a particular concern or interest.

2. The Bank may request on an exceptional basis the Board, the FDIC or the OCC, as appropriate, to conduct an examination of the U.S. offices of a U.K. banking organization and the Board, the FDIC or the OCC, as appropriate, may request on an exceptional basis the Bank to conduct an inspection of the U.K. offices of a U.S. banking organization. The Bank and the Board, the FDIC or the OCC, as the case may be, will endeavor to establish the basis and terms upon which such examinations or inspections shall be conducted.

3. The host authority may accompany the home authority during an examination or inspection of a branch or subsidiary in the host country.

CONFIDENTIALITY

1. Any confidential supervisory information shared pursuant to this Memorandum shall be used only for lawful supervisory purposes.

2. To the extent permitted by law, the Bank shall hold confidential all information received from the Board, the FDIC and the OCC pursuant to this Memorandum and will not otherwise disclose such information other than as necessary to carry out its supervisory responsibilities.

3. To the extent permitted by law, the Board, the FDIC and the OCC each shall hold confidential all information received from the Bank pursuant to this Memorandum and will not otherwise disclose such information other than as necessary to carry out its supervisory responsibilities.

4. Reports of examination or inspection shall remain the property of the authority providing such information. Subject to the provisions of paragraphs 1-3 above, if the Board, the FDIC, the OCC or the Bank receives any legally enforceable demand for reports of examination or inspection provided pursuant to this Memorandum, the Board, the FDIC, the OCC or the Bank, as the case may be, will promptly notify the party that provided the reports and will cooperate in seeking to preserve the confidentiality of such reports.

5. Subject to the provisions of paragraphs 1-3 above, with regard to requests from third parties for confidential supervisory information other than reports of examination or inspection provided pursuant to this Memorandum, the party receiving such request shall notify the providing party as soon as feasible prior to releasing such information and shall solicit the providing party's views as to the propriety of providing such information to the third party.

6. The sharing of confidential supervisory information pursuant to this Memorandum is done in reliance on the foregoing assurances and shall not constitute a waiver of any legally cognizable privilege as to any person other than the parties to this Memorandum.

7. The Board, the FDIC, the OCC and the Bank, in providing confidential written materials pursuant to this Memorandum, should mark every page of the material provided with a legend reading substantially as follows:

**"CONFIDENTIAL -- PROVIDED
PURSUANT TO FRB/FDIC/OCC/BOE
MEMORANDUM OF UNDERSTANDING"**

GENERAL PROVISIONS

1. The provision of, or request for, information under this Memorandum may be denied (a) where compliance would require the Bank, the Board, the FDIC or the OCC to act in a manner that would violate applicable law or any agreement entered into before the date of this memorandum, (b) on grounds of public interest or national security, or (c) when compliance with a request or provision of information would interfere with an ongoing investigation in circumstances where the prejudice to the investigation is likely to outweigh the adverse effects of denying the information.

2. By executing this Memorandum, none of the parties waives any immunity from suit to which it may be entitled nor submits to the jurisdiction of any court that would not have been a court of competent jurisdiction if this Memorandum had not been executed.

3. No provision of this Memorandum shall give rise to the right on the part of any person, entity or governmental authority other than the Bank, the Board, the FDIC or the OCC, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this Memorandum.

4. This Memorandum supersedes the Memorandum of Understanding between the Board and the Bank that became effective on June 13, 1996, provided, however, that any information exchanged pursuant to that Memorandum shall continue to be subject to the provisions set forth under the headings "Confidentiality" and "General Provisions" of that Memorandum.

5. Nothing in this Memorandum shall affect the respective competencies of the Board, the FDIC or the OCC under U.S. law and supervisory practice or supersede, alter or create any arrangement among or between them with respect to sharing information.

6. This Memorandum shall continue in effect for a period of one year from the latest date entered below and shall automatically be renewed each year subject to modification by the mutual consent of the Board, the FDIC, the OCC and the Bank,

provided, however, that the provisions set forth under the headings "Confidentiality" and "General Provisions" shall not terminate with respect to any information provided or actions taken under this Memorandum prior to its termination.

CONFIRMED:

Board of Governors of the
Federal Reserve System

By J. Virgil Mattingly, Jr.
J. Virgil Mattingly, Jr.
General Counsel

Dated: Nov 13, 1996

Federal Deposit Insurance Corporation

By Nicholas J. Ketcha Jr.
Nicholas J. Ketcha Jr.
Director, Division of Supervision

Dated: Nov 15, 1996

Office of the Comptroller of the Currency

By Susan F. Krause
Susan F. Krause
Senior Deputy Comptroller
Bank Supervision Policy

Dated: Nov. 12, 1996

Bank of England

By Michael Foot
Michael Foot
Executive Director
Supervision and Surveillance

Dated: Nov. 19, 1996