

**MEMORANDUM  
OF  
UNDERSTANDING**

**UNITED STATES**

**Board of Governors of  
the Federal Reserve  
System**

**Office of the  
Comptroller of the  
Currency**

**Federal Deposit  
Insurance Corporation**

**UNITED KINGDOM**

**Bank of England**

## Contents

<b>RECITALS .....</b>	<b>2</b>
<b>OPERATIVE PART .....</b>	<b>4</b>
Definitions	4
Purpose and Principles	5
Confidentiality and Use of Information Received	6
Onward Information Sharing	6
How the Bank Will Treat the Information that it Receives	7
No Waiver of Privileges or Immunities	7
General Notification Procedure	7
Enforcement	8
Requests for Assistance	8
Procedure for Requests	8
Assessing Requests	9
Provision of Unsolicited Information	10
Host-to-Host Information Sharing	10
Contact Points	10
Commencement	10
Review of this MoU and of Supervisory Developments	11
Termination of this MoU	11
Termination of Existing Memorandum of Understanding	11
<b>APPENDIX 1: FURTHER PROCEDURES FOR INVESTIGATIONS.....</b>	<b>I</b>
Further Details to be Contained in Requests for Assistance	i
Requests to Sit In	i
Investigations and Coordination	i

## **Memorandum of Understanding (“MoU”)**

### **Between**

**The Board of Governors of the Federal Reserve System (“Board”), the Office of the Comptroller of the Currency (“OCC”) and the Federal Deposit Insurance Corporation (“FDIC”) and Bank of England (“Bank”)**

### **Recitals**

- A. The Board has regulatory and supervisory responsibilities over bank holding companies (including financial holding companies), savings and loan holding companies, and state banks that are members of the Federal Reserve System. The Board also has specific regulatory and supervisory responsibilities with respect to certain entities engaged in international business (e.g., Edge Act and agreement corporations), as well as the foreign activities of member banks, and the U.S. activities of foreign banking organizations that have a U.S. banking presence. The Federal Reserve System is composed of a central governmental agency, the Board, and 12 regional Federal Reserve Banks (“Federal Reserve Banks”). The Federal Reserve Banks perform their supervisory functions under authority delegated by the Board.
- B. The OCC charters, regulates, and supervises all national banks and federally chartered savings associations. It also licenses and is the primary supervisor of federally licensed branches and agencies of foreign banks. The OCC has the authority to approve or deny applications from these entities, examine them, and take supervisory actions with respect to them. The OCC may also take enforcement actions against these entities when they do not comply with laws and regulations or otherwise engage in unsafe or unsound banking practices. The OCC also has the authority to issue legal opinions interpreting, and rules and regulations implementing, laws governing all phases of the operations of national banks, federally chartered savings associations, and federal branches and agencies, including investments, lending, and other practices.
- C. The FDIC is the primary federal banking supervisor for state chartered banks that are not members of the Federal Reserve System, state chartered savings associations, and insured state licensed branches of foreign banks. The FDIC may also take enforcement actions against these entities when they do not comply with laws and regulations or otherwise engage in unsafe or unsound banking practices. The FDIC also is the deposit insurer for all insured U.S. banks and savings associations. In addition, the FDIC has resolution authority and acts as conservator or receiver for all insured U.S. banks and savings associations, and as receiver for certain financial companies.
- D. The Prudential Regulation Authority (“PRA”), which is part of the Bank (and is overseen by the Bank’s Prudential Regulation Committee), together with the Financial Conduct Authority, (“FCA”) forms the United Kingdom’s “twin peaks” financial services regulatory structure. The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA’s role is defined in

terms of its two main statutory objectives and its secondary competition objective, namely: to promote the safety and soundness of these firms (the PRA's general objective) and, specifically for insurers, to contribute to the securing of an appropriate degree of protection for policyholders (the PRA's insurance objective); in addition, the PRA must so far as is reasonably possible act in a way which facilitates effective competition in the markets for services provided by PRA-authorized firms (competition objective). In carrying on its functions, the PRA will consider taking enforcement action against firms and/or individuals as it considers appropriate to support the exercise of its supervisory judgment. The PRA deploys disciplinary powers to advance its objectives in line with its priorities. Use of enforcement powers can enforce this by changing, and promoting high standards of, regulatory behaviour; sending a clear signal to a firm and to the regulated community more widely, about the circumstances in which the PRA considers a firm's behaviour to be unacceptable; and deterring future misconduct.

- E. The Bank, in the execution of its regulatory and supervisory functions, is required to protect the information that it receives under the Financial Services and Markets Act 2000 ("FSMA"), the UK's Data Protection Act 1998, as amended, and by the EU single market directives. Any unauthorised disclosure of regulatory information, including that received from the Board, the OCC and/or the FDIC, is a criminal offence.
- F. Many firms have operations in the United States and the United Kingdom, and are supervised by the PRA and the Board, the OCC, and/or the FDIC (hereinafter, the Board, the OCC, and the FDIC are collectively referred to as the "U.S. Authorities"). Cooperation and sharing of supervisory information among authorities in each jurisdiction can facilitate the performance of their respective supervisory responsibilities over such firms. This MoU provides an arrangement for cooperation regarding the supervision of firms with operations in both the United States and United Kingdom, including for the exchange of information and provision of other forms of assistance. The U.S. Authorities and the Bank believe such cooperation will enable them to perform their functions more effectively.

## Operative Part

### Definitions

1. In this MoU:

**“administering”** an applicable law, regulation, or requirement includes enforcing the same;

**“applicable laws, regulations, or requirements”** means any law, regulation or requirement applicable in the United States or in the United Kingdom, and where the context permits includes:

- (a) relevant European legislation that has not yet been transposed into UK domestic law;
- (b) any rule, direction, requirement, guidance or policy made or given by or to be taken into account by an Authority;

**“assistance”** includes the provision of information;

**“Authority”** means any of the U.S. Authorities or the Bank;

**“Bank”** means the Bank of England (or any successor);

**“Board”** means the Board of Governors of the Federal Reserve System (or any successor);

**“cross-border establishment”** means a branch, subsidiary, affiliate, or other office or entity of a firm operating within one jurisdiction for which an Authority in the other jurisdiction is the consolidated supervisor of the firm;

**“emergency/crisis situation”** means where an Authority (or the Authorities) is seeking urgently to manage a circumstance where a firm is or can reasonably be expected to be financially impaired, such that it will or is likely to affect adversely the operations of the firm resulting in damage to financial stability and the wider financial system;

**“FCA”** means the Financial Conduct Authority (or any successor);

**“FDIC”** means the Federal Deposit Insurance Corporation (or any successor);

**“firm”** for U.S. entities, this includes banks, savings associations, bank holding companies or financial holding companies and their respective bank and nonbank subsidiaries, savings and loan holding companies and their savings association and other subsidiaries, and nonbank financial companies the Financial Stability Oversight Council has determined under the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5323) should be supervised by the Board, insofar as they are subject to the supervision of the U.S. Authorities. For UK entities this includes (i) PRA-authorized persons with permission to accept deposits and/or deal in investments as principal; (ii) PRA-authorized persons with permission to effect contracts of

insurance and/or carry out contracts of insurance; and (iii) certain qualifying holding companies;

**“FSMA”** means the Financial Services and Markets Act 2000;

**“investigation”** means an enforcement investigation formally commenced by an Authority;

**“OCC”** means the Office of the Comptroller of the Currency (or any successor);

**“permitted onward recipient”** means an agency or authority identified in paragraph 7, responsible for prosecuting, regulating, or enforcing applicable laws, regulations, or requirements falling within the areas of responsibility of the Authorities;

**“person”** means a natural person, legal entity, partnership, or unincorporated association;

**“PRA”** means the Bank acting in its capacity as the Prudential Regulation Authority (or any successor(s)), which is both the prudential regulator and supervisory arm of the Bank;

**“receiving Authority”** means the Authority that has received information from a “requested Authority” or has otherwise received information provided on a voluntary basis;

**“requested Authority”** means the Authority that receives a request pursuant to this MoU;

**“requesting Authority”** means the Authority that makes a request pursuant to this MoU; and

**“U.S. Authorities”** means the Board, the OCC, and the FDIC together.

### **Purpose and Principles**

2. The purpose of this MoU is to: establish an arrangement for cooperation, including the exchange of information and the provision of other types of assistance; facilitate timely and effective supervision; identify risks to the financial system; and, where necessary, address emergency/crisis situations involving firms with operations in the United States and the United Kingdom supervised by both the Bank and any U.S. Authority.
3. This MoU does not modify or supersede any laws or regulatory requirements in force in, or applying to, the United States or the United Kingdom. This MoU sets forth a statement of intent and accordingly does not create for any Authority any legally enforceable rights or obligations. Except as provided in paragraph 29, this MoU does not affect any arrangements under other memoranda of understanding or statements of cooperation to which any Authority is a party.

4. The Authorities acknowledge that they may provide information under this MoU only if permitted or not prevented under applicable laws, regulations, or requirements.

### **Confidentiality and Use of Information Received**

5. Subject to paragraphs 7 and 8, an Authority that receives confidential information under this MoU will not disclose that information to any person without the prior consent of the Authority that supplied the confidential information. Such consent would not be unreasonably withheld, and each Authority would endeavour to respond to a request to disclose confidential information as soon as practicable.
6. The receiving Authority may use confidential information only for lawful purposes in connection with its functions with regard to supervision and regulation of firms and in accordance with applicable laws, regulations, or requirements.

### **Onward Information Sharing**

7. Where necessary in the furtherance of the Authorities' regulatory functions and supervisory objectives, and subject to applicable laws, regulations, or requirements, the receiving Authority may onward share information with other authorities that carry out similar regulatory and/or supervisory functions where the receiving party's purpose for receiving the information relates to that party's supervision or regulation of the firm or cross-border establishment to which the information pertains. In the case of the Bank, such information may be shared with (i) the FCA as permitted by applicable laws, regulations, or requirements and (ii) certain relevant EU financial supervisors or regulators<sup>1</sup> as required by applicable laws, regulations, or requirements, in either case subject to assurances that the information will not be further disclosed by the receiving party except as authorized by the Bank after the Bank obtains the appropriate U.S. Authority's consent or, where the receiving party receives a legally enforceable demand for the information, pursuant to the procedures in paragraph 8. When sharing with any EU financial supervisor or regulator, the Bank will provide notice after the fact without undue delay to the appropriate U.S. Authority. In the case of the U.S. Authorities, such information may be shared with the OCC, the FDIC, and/or the Board, as appropriate, as well as other U.S. federal and state financial supervisors and regulators, including state banking agencies as permitted by applicable laws, regulations, or requirements, subject to assurances that the information will not be further disclosed by the receiving party except as authorized by the appropriate U.S. Authority after the appropriate U.S. Authority obtains the Bank's consent or, where the receiving party receives a legally enforceable demand for the information, pursuant to the procedures in paragraph 8.
8. If an Authority receives a legally enforceable demand for information supplied under this MoU, the Authority receiving the demand will, to the extent permitted by law,<sup>2</sup> notify the Authority that supplied the information of the demand. The Authority

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<sup>1</sup> For purposes of this MoU, "certain relevant EU financial supervisors or regulators" refers to EU national competent authorities responsible for financial supervision and the European Central Bank in its capacity as a financial supervisor and regulator under the EU Single Supervisory Mechanism.

<sup>2</sup> For example, a subpoena or court order demanding information may bar the Board, the OCC, or the FDIC from disclosing the existence of such subpoena or order.

receiving the demand will, where possible and appropriate, use all reasonable legal means to resist such a demand, including asserting such appropriate legal exemptions or privileges with respect to that information as may be available.

### **How the Bank Will Treat the Information that It Receives**

9. The Bank will at all times use its best endeavours to protect the information it receives. Where information is provided to it by the Board, the OCC, or the FDIC on the condition that the information will not be disclosed further without the consent of the provider, English law will impose a duty of confidence on the recipient. The Bank, however, may be required to disclose such information in the following circumstances:
  - (a) the UK Parliament, being paramount in constitutional terms, could in the last resort and subject to a full vote in the House of Commons, override any statutory or other confidentiality obligations applying to the Bank, if it wanted to obtain regulatory information from the Bank or any other person in possession of it;
  - (b) under the UK's Freedom of Information Act 2000, the Bank (in common with other public bodies in the UK) makes available to the public information relating to its regulatory functions, subject to two important exemptions:
    - (i) personal data is excluded; and
    - (ii) information subject to statutory restrictions on disclosure is excluded, including regulatory information that is not publicly available.
  - (c) Subject to any valid legal objections, the Bank is, like any other UK public body, obliged to comply with a court witness summons, requiring it to provide oral evidence or documents in civil and criminal litigation to which it is not a party. However, the Bank can only be compelled to provide evidence pursuant to a witness summons in circumstances where it would be permitted to disclose that information under FSMA.

### **No Waiver of Privileges or Immunities**

10. Nothing in this MoU shall be deemed a waiver, express or implied, of any of the privileges and immunities of any Authority. Further, no privileges or immunities are intended to be waived as a result of sharing information or cooperating pursuant to this MoU.

### **General Notification Procedure**

11. Each Authority will endeavour to notify the Authority or Authorities in the other jurisdiction of any material changes in their respective professional secrecy legislation.
12. To the extent permitted by applicable laws, regulations, or requirements, each Authority will use reasonable efforts as far as practicable to provide the Authority or



Authorities in the other jurisdiction on a timely basis with any information that is in its possession which:

- (a) may give rise to a suspicion of a breach of the applicable laws, regulations, or requirements of the Authority or Authorities in the other jurisdiction; or
  - (b) will be likely to assist in administering laws, regulations, or requirements of the Authority or Authorities in the other jurisdiction, if provided to it or them.
13. Where the specific conduct of a firm set out in the request for assistance may constitute a breach of an applicable law, regulation, or requirement in the jurisdiction of both the requesting and the requested Authorities, the relevant Authorities should consult to determine the most appropriate means for each Authority to provide assistance to the other, both in general and, for example, in cases where Appendix 1 applies.
14. The Bank will notify the Board, the OCC, and/or the FDIC of plans to examine any branch or subsidiary of a firm located in the United States and the Board, the OCC, and the FDIC will notify the Bank of plans to inspect any branch or subsidiary of a firm located in the United Kingdom. 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.

### **Enforcement**

15. The Authorities recognise that there may be circumstances in which an Authority wishes to undertake an investigation where the Authority or Authorities in the other jurisdiction have a regulatory interest. Appendix 1 reflects the Authorities' understanding with respect to such cases.

### **Requests for Assistance**

16. If a request for assistance is made, each Authority will use reasonable efforts to provide such assistance to the Authority or Authorities in the other jurisdiction, subject to any applicable laws, regulations, or requirements, the confidentiality obligations of the Authority, and overall policy.

### **Procedure for Requests**

17. Requests for the provision of information or other assistance, including in an emergency/crisis situation will be made in writing (including by email), or made orally and, unless otherwise agreed, should be confirmed in writing within ten (10) business days. To facilitate the provision of assistance, the requesting Authority should specify:
- (a) the specific information or other assistance requested;
  - (b) if information is provided by the requesting Authority for confirmation or verification, the kind of confirmation or verification sought;
  - (c) the purpose for which the information or other assistance is sought;

- (d) the desired time within which the information or other assistance sought should be provided;
- (e) to whom, if anyone other than a permitted onward recipient, onward disclosure of information provided to the requesting Authority is likely to be necessary and the purpose such disclosure would serve;
- (f) if the request for assistance is for the purpose of an investigation under paragraph 15, the matters set out in clause 1 of Appendix 1; and
- (g) other matters specified by the requested Authority.

### **Assessing Requests**

18. Each request for assistance should be assessed on a case-by-case basis by the requested Authority, to determine whether assistance can be provided (either in part or in whole) under the terms of this MoU. In cases where the request cannot be fulfilled in part or in whole, the requested Authority should consider whether there may be other assistance that can be given by itself or by any other authority in its jurisdiction.
19. In the case of serious financial difficulties of one or more firms with operations in both the United States and the United Kingdom that are supervised by both the Bank and a U.S. Authority, including in an emergency/crisis situation, the Authorities acknowledge that close liaison would be mutually advantageous and the Authorities should endeavour to cooperate for the better management and resolution of the situation. Whenever appropriate, ad hoc meetings should be arranged to resolve serious supervisory problems concerning a cross-border establishment.
20. In deciding whether and to what extent to fulfil a request, among other factors, the requested Authority may take into account:
  - (a) whether the request conforms with this MoU;
  - (b) whether the request involves the administration of a law, regulation, or requirement which has no close parallel in the jurisdiction of the requested Authority;
  - (c) whether the provision of assistance would be so burdensome as to disrupt the proper performance of the requested Authority's functions;
  - (d) whether it would be otherwise contrary to the public interest or the essential national interest of the requested Authority's jurisdiction to provide the assistance sought;
  - (e) if the request for assistance is for the purpose of an investigation, any further details as set out in Appendix 1;
  - (f) any other matters specified by the laws, regulations, and requirements of the requested Authority's jurisdiction (in particular, those relating to confidentiality and professional secrecy, data protection and privacy, and procedural fairness);

- (g) the reason for the request; and
  - (h) whether complying with the request may otherwise be prejudicial to the performance by the requested Authority of its functions.
21. The Authorities recognise that assistance may be denied in whole or in part for any of the reasons mentioned in paragraph 20 of this MoU in the discretion of the requested Authority.

#### **Provision of Unsolicited Information**

22. The Authorities may provide information, or arrange for information to be provided, on a voluntary basis, even though no request has been made. Among other forms of such assistance, the Authorities will endeavour to:
- (a) notify the appropriate home supervisor(s), without delay, of applications for approval to establish cross-border establishments in one jurisdiction by firms from the other jurisdiction;
  - (b) inform the appropriate Authority(ies) in the other jurisdiction of administrative penalties imposed or planned to be imposed, or any other formal enforcement action taken or planned to be taken, on a cross-border establishment as host supervisor, or on a firm as home supervisor if the home supervisor judges the information as possibly important to the Authority(ies) in the other jurisdiction as it may relate to the operation of cross-border establishments in that jurisdiction; and
  - (c) notify the Authority or Authorities in the other jurisdiction of serious financial and operational difficulties experienced by one or more firms active in their respective jurisdictions with operations supervised by an Authority in the other jurisdiction.

#### **Host-to-Host Information Sharing**

23. From time-to-time, the Authorities may share information, subject to applicable laws, regulations, or requirements and confidentiality obligations on Authorities, on a host-to-host basis regarding establishments of entities headquartered in jurisdictions other than the United States and the United Kingdom, when such establishments have related or interconnected operations in the United States and the United Kingdom. The Authorities would share such information subject to prior consultation with the relevant home supervisor(s).

#### **Contact Points**

24. The Authorities will provide a list of contact points to which information or requests for information or assistance under this MoU should be directed.

#### **Commencement**

25. This MoU will come into operation when all Authorities have signed this document. It may be amended by agreement in writing by all parties.

**Review of this MoU and of Supervisory Developments**

26. The Authorities should keep the operation of this MoU under review and will consult when necessary with a view to improving its operation and resolving any matters, where they arise, that hinder its operation.
27. The parties should endeavour to meet at least annually to discuss general supervisory developments. To the extent practicable and as appropriate in the particular circumstances, each Authority will endeavour to inform the other Authority in advance of regulatory changes, especially any which will or may have a significant, material impact on the operations or activities of a firm in the other jurisdiction.

**Termination of this MoU**

28. This MoU will continue in operation until terminated by any Authority giving thirty (30) days advance written notice to the other Authority(ies). After termination, the confidentiality and onward sharing provisions in paragraphs 5 through 8 will continue to apply to any confidential information provided under the MoU prior to termination.

**Termination of Existing Memorandum of Understanding**

29. Insofar as it applies between the U.S. Authorities and the Bank, the memorandum of understanding that was originally between the OCC, the FDIC, the Board, and the Bank dated 19 November 1996 ("1996 MoU") is hereby superseded and terminated effective as of the date of the signing of this MoU by all of the Authorities. However, any requests for assistance and cooperation that were made between the U.S. Authorities and the Bank before the effective date of termination will be completed pursuant to and governed by the 1996 MoU. For the avoidance of doubt, nothing in this clause shall affect the application of the 1996 MoU as between the U.S. Authorities and the FCA.

**Executed by the Parties:**

**For the Board of Governors of the  
Federal Reserve System**



Michael S. Gibson  
Director, Division of Supervision and  
Regulation

Date: 8/21/19

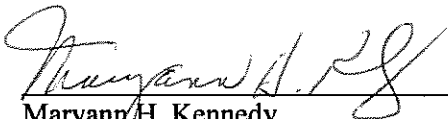
**For the Bank of England**



Sam Woods, Deputy Governor, Prudential  
Regulation, Bank of England. For and on  
behalf of the Bank of England (and in its  
capacity as the Prudential Regulation  
Authority)

Date: 17/9/19

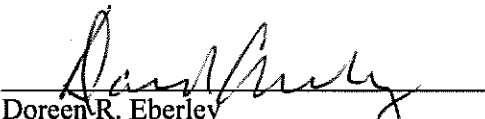
**For the Office of the Comptroller  
of the Currency**



Maryann H. Kennedy  
Senior Deputy Comptroller for Large Bank  
Supervision

Date: 9/4/19

**For the Federal Deposit Insurance  
Corporation**



Doreen R. Eberley  
Director, Division of Risk Management  
Supervision

Date: August 5, 2019

## **Appendix 1: Further Procedures for Investigations**

### **Further Details to be Contained in Requests for Assistance**

1. If a request for assistance as described in this MoU relates to an investigation, the following further details should be contained in the written request:
  - (a) a general description of the conduct or suspected conduct which gives rise to the request;
  - (b) details of the applicable law, regulation, or requirement to the administration of which the request is relevant (“specified rule or law”);
  - (c) the link between the specified rule or law and the regulatory functions of the requesting Authority;
  - (d) the relevance of the requested assistance to the specified rule or law; and
  - (e) if the requesting Authority asks the requested Authority to conduct an interview as part of an investigation: (i) whether the requesting Authority desires that, to the extent permitted by the laws and policies applying to the requested Authority, persons from the country of the requesting Authority be present during the interview; (ii) whether it is desired that such persons be permitted to participate in the questioning; and (iii) whether the consent of the witness has been obtained.

### **Requests to Sit In**

2. An Authority may request to sit in on an interview of a person being conducted by another Authority. The requested Authority, in its sole discretion, may permit a representative of the requesting Authority to attend such an interview and to ask questions, upon receiving the consent of the witness. Such requests will be considered in accordance with the applicable laws, regulations, or requirements and policies of the requested Authority. Requests for such assistance should conform to any published guidance for the making of such requests issued by the requested Authority.

### **Investigations and Coordination**

3. The Authorities acknowledge that, subject to secrecy and confidentiality issues, an investigation, where it concerns suspected breaches of the law of both jurisdictions, arising from similar or related conduct or transactions, may be conducted more effectively through coordination and/or cooperation with members of Authorities in both jurisdictions.
4. The Authority suggesting the coordination and/or cooperation should advise the other Authority of the background to the request and should liaise with the other Authority to determine the likely objectives of the coordination and/or cooperation, the expected resources required, and the approximate duration of the proposed investigation. Each Authority should advise the other as soon as possible as to whether it will agree to such coordination and/or cooperation.

5. **Suggestions to the U.S. Authorities for coordination and/or cooperation should be made to the FDIC Director of Risk Management Supervision, the Board General Counsel, or the OCC Deputy Comptroller for International Banking Supervision. Suggestions to the Bank should be made to the Head of Legal, Regulatory Action Division.**