

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE CENTRAL BANK OF THE RUSSIAN FEDERATION  
AND  
FINANSINSPEKTIONEN  
CONCERNING THEIR COOPERATION  
IN THE FIELD OF SUPERVISION OF BANKS**

1. The Central Bank of the Russian Federation (hereinafter “the Bank of Russia”) and Finansinspektionen, (both hereinafter referred to jointly as ”the Authorities“ and each ”an Authority”) express their willingness to cooperate on the basis of reciprocity as well as mutual trust and understanding and agree to base their co-operation in the field of supervision of Authorised Institutions on the principles and procedures outlined in this Memorandum of Understanding, in order to facilitate the performance of the Authorities’ respective duties and to promote the adequate functioning of Authorised Institutions in Russia and/or in Sweden, according to their national legislation. Nothing in this Memorandum of Understanding shall require either of the Authorities to provide information or assistance the disclosure or provision of which is restricted or prohibited by the national legislation or to act in any manner which is restricted or prohibited by law.

2. Under the legislation of the Russian Federation, the Bank of Russia is a body of banking regulation and banking supervision. It constantly monitors the compliance by credit institutions and banking groups with banking legislation, the Bank of Russia’s regulations and mandatory standards. To fulfil its regulatory and supervisory functions, the Bank of Russia conducts on-site examinations of credit institutions and their branches, sends them compulsory prescriptions to eliminate the shortcomings discovered in their work and takes measures to credit institutions established by the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia).

Under the Russian Federation law, the reporting on credit institutions, banking groups and bank holdings is submitted to the Bank of Russia.

3. In Sweden, supervision of credit institutions (banks and credit market undertakings) is undertaken by a single competent authority, Finansinspektionen. Banks are authorised by Finansinspektionen or, if the authorisation is of material importance, by

the Government. Finansinspektionen is responsible for the licensing of all other credit institutions.

4. For the purposes of this Memorandum of Understanding, the concepts mentioned below will have the following meaning:

“Authorised Institution(s)”: In the Russian Federation a legal entity authorised to conduct banking operations, whose activities are subject to licensing and banking supervision in accordance with the Federal Laws on Banks and Banking Activities and the Central bank of the Russian Federation (the Bank of Russia).

In Sweden - an institution authorised to conduct banking or financing business in accordance with the Banking and Financing Business Act (SFS 2004:297), and which Finansinspektionen is responsible for supervising pursuant to the same Act.

“Authorised Parent Institution(s)”: A legal entity, which has a Cross-Border Establishment located in the Russian Federation or in Sweden, respectively.

“Cross-Border Establishment(s)”: A subsidiary, a branch or a representative office of an Authorised Institution incorporated within the jurisdiction of one of the Authorities and operating in the jurisdiction of the other Authority.

“Home Supervisor”: The Authority located in the Russian Federation or in Sweden, respectively, responsible for the supervision on a consolidated basis of an Authorised Institution.

“Host Supervisor”: The Authority located in the Russian Federation or in Sweden, respectively, in which a Cross-Border Establishment of an Authorised Institution is registered.

### **Information regarding Authorised Institutions**

5. The Authorities intend to co-operate in the supervision of Cross-Border Establishments. The scope of co-operation encompasses the authorisation process (both issuance and revocation), owner control, the ongoing supervision of Cross-Border Establishments, cooperation in the AML/CTF issues, as well as On-Site Inspections of Cross-Border Establishments. The Authorities intend upon request for assistance to share information in respect of Cross-Border Establishments which will enable or assist the recipient Authority in the exercise of its supervisory functions. A request for assistance shall be made in writing. Any type of communication facilities may be used to transmit a request. The Authority providing the information referred to in this paragraph may attach conditions to any such disclosure of information prohibiting any further disclosure of such information without the providing Authority's consent, except for the cases when obligation to provide information or documents is stipulated by law.

### **Licensing**

6. If an Authorised Parent Institution applies to the Authority of the other jurisdiction to establish a Cross-Border Establishment, the latter shall inform the Home Supervisor without delay. If the adequacy of home banking supervision is a statutory prerequisite which the Host Supervisor needs to address in the licensing procedure, it should contact the Home Supervisor to settle any question in this regard.

7. The Home Supervisor intends to inform the Host Supervisor whether the Authorised Institution complies with the national legislation, as well as about the state of corporate governance, risk management and internal control system of the applicant Authorised Institution. The Home Supervisor intends to disclose information to the Host Supervisor on failure to comply with qualification requirements of the prospective managers of the Cross-Border Establishment.

Following a written application from an authorised institution that wishes to establish a representation office in the host country, the Home Supervisor shall submit a written statement to the Host Supervisor to confirm that the institution is under supervision in the home country.

## **Co-operation concerning owner control**

8. The Authorities intend to consult one another before granting permission with regard to a Cross-Border Establishment or assessing any acquisition of a holding in a domestic Authorised Institution through an Authorised Institution within the jurisdiction of the other Authority. In order to verify declarations made by Authorised Institutions or Cross-Border Establishments regarding ownership issues, the Authorities intend to exchange information available to them.

For the purpose of this Memorandum, an acquisition refers to the receiving in property (or in trust management) by a person (or a group of persons) of a stake in the capital of a Supervised Institution registered in Russian Federation or Sweden.

The Authorities intend to exchange all possible information necessary for identification of private individuals and legal entities, including beneficial owners, which can directly or indirectly influence decisions taken by management bodies of Supervised Institutions which apply for a license on opening a Cross-Border Establishment and/or conduct cross-border operations with Supervised Institutions (acquisition of stakes, shares), and which have Cross-border Establishments in the Russian Federation or Sweden respectively.

## **Co-operation in ongoing supervision of Cross-Border Establishments**

9. The Bank of Russia and Finansinspektionen will endeavour to inform each other in good time about concerns about the financial soundness of Authorised Institutions and Cross-Border Establishments in the other jurisdiction. They will also endeavour to notify each other of actions which they have taken in respect of such a Cross-Border Establishment as Host Supervisor or on the Authorised Parent Institution as Home Supervisor if the information in their judgement is likely to be important to the other Authority to assist that other Authority in the exercise of its functions.

10. The Bank of Russia and Finansinspektionen intend to discuss with each other any significant information on Authorised Parent Institutions and Cross-Border

Establishments in the other jurisdiction which is likely to be relevant to the other Authority to assist that other Authority in the exercise of its functions. Relevant matters are in particular: concerns about the financial soundness of an Authorised Institution or a Cross-Border Establishment (failure to meet capital adequacy or other financial requirements, significant losses, rapid decline in profits or a deterioration in profitability), concerns relating to banking supervision both on a solo and consolidated basis, concerns arising from the results of inspections or from reports or meetings or other communications with an Authorised Parent Institution or a Cross-Border Establishment or other regulatory body (subject to obtaining any necessary consent from any such regulatory body), concerns arising from late and/or unreliable reporting and concerns relating to supervisory arrangements in third countries (subject to obtaining any necessary consent from any relevant third country regulatory body).

11. Representatives of the Bank of Russia and Finansinspektionen will endeavour to convene ad-hoc meetings to promote the resolution of supervisory problems concerning a Cross-Border Establishment in the other jurisdiction, whenever either side reasonably requests due to a material supervisory concern.

12. For institutions which are not licensed in the Russian Federation or in Sweden respectively but are licensed or have applied/are applying for a licence in the other country, the Bank of Russia and Finansinspektionen intend, as far as they are able, to discuss any significant information available to them which might be relevant to the other Authority to assist that other Authority in the exercise of its functions.

### **Financial Crime**

13. The Authorities intend to co-operate closely when they identify activities in Authorised Parent Institutions and Cross-Border Establishments that violate national legislation, including legislation on countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism, and unlawful banking practices. For the purposes of this Memorandum of Understanding, such financial crimes include in particular money laundering and all violations of law on financial

markets. This also includes illegal banking or financial services business. The Authorities will endeavour to share information on financial crime concerning the respective Authorised Parent Institutions and Cross-Border Establishments in the other jurisdiction or which could affect the other jurisdiction. Within the framework of co-operation in the field of anti-money laundering and counter terrorist financing (AML/CTF) the Authorities also intend to exchange the following information:

- laws and regulations in the field of AML/CTF ;
- the practice of identifying and scrutinising clients and beneficiaries;
- typical money laundering and terrorist financing schemes.

### **Crisis situations**

14. The Authorities intend to inform each other without delay if they learn of an incipient crisis relating to any Authorised Institution supervised by either which has Cross-Border Establishments in the respective other jurisdiction.

### **On-Site Inspections**

15. The Authorities agree that co-operation is particularly useful in assisting each other in carrying out On-Site Inspections of Cross-Border Establishments.

Upon receiving a request from the Home Supervisor for assistance in connection with its supervisory responsibility, the Host Supervisor shall to the extent permitted by national law provide information to the Home Supervisor about the results of the conducted On-Site Inspections.

16. The Home Supervisor will notify the Host Supervisor in advance of any On-Site Inspection of Cross-Border Establishment, giving details of the names of the Cross-Border Establishment, the auditors and/or examiners, the purpose of the inspection and its expected duration.

17. With regard to operations of Swedish Cross-Border Establishments in the Russian Federation: Finansinspektionen in its capacity of the Home Supervisor will regulate

on its own the relations with Cross-Border Establishments in respect to the access of its representatives for the purpose of On-Site Inspections. In this regard, the Bank of Russia in its capacity of the Host Supervisor will not impede the Home Supervisor's free access to the Cross-Border Establishment.

With regard to operations of Russian Cross-Border Establishments in Sweden: Finansinspektionen in its capacity of the Host Supervisor will invite the representatives of the Bank of Russia in its capacity of the Home Supervisor to participate as observers in the On-Site Inspections of Cross-Border Establishments. The Home Supervisor may participate in the On-Site Inspection if deems it necessary.

Each Authority in its capacity as the Home Supervisor will carry out its functions in the area of banking supervision taking into consideration the requirements of the national law of the host state and, if necessary, receives consultations and assistance from the Host Supervisor.

### **Confidentiality of information**

18. Compliance with the obligation of professional and banking secrecy and confidentiality by all employees who receive confidential information from the other Authority in the course of their activities is a necessary condition for a successful cooperation between the Authorities. The Authorities agree that any confidential information shared through these arrangements will be used only for lawful supervisory purposes. The Authorities will maintain the confidentiality of all information received through these arrangements from each other and will not disclose any such information other than as necessary to carry out their supervisory responsibilities without first obtaining the prior written consent of the other Authority and then only in accordance with the conditions (if any) attached by the providing Authority. Each Authority will, if it receives any legally enforceable demand for information received from the other Authority or acquired in the course of an on-site inspection in the other Authority's jurisdiction pursuant to which it is obliged by the national legislation to disclose such information (notwithstanding any other provision of this Memorandum of Understanding), promptly notify the other Authority and will

co-operate in seeking to preserve so far as legally possible the confidentiality of such information.

### **Technical arrangements**

19. In order to enhance the quality of co-operation, representatives of the Bank of Russia and Finansinspektionen will endeavour to convene periodically to discuss issues concerning Authorised Parent Institutions and Cross-Border Establishments within their respective jurisdictions.

20. The Authorities will also endeavour to advise each other upon request on any aspect of their regulatory systems and notify any major change in their national legislation within their jurisdiction which is likely to have a significant bearing on the activities of Cross-Border Establishments.

21. This Memorandum of Understanding shall enter into force as of the date of its signing by the Authorities and shall remain in existence until either Authority notifies the other in writing of its wish to revise, amend or withdraw from this Memorandum of Understanding. Thirty days' notice of any such action will be given.

22. If either Authority gives such notice, the Authorities will nevertheless endeavour to continue co-operation and assistance in accordance with this Memorandum of Understanding with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority withdraws the matter for which assistance was requested. In the event of termination of this Memorandum of Understanding, information obtained under this Memorandum of Understanding will continue to be treated confidentially.

23. This Memorandum of Understanding shall be modified by the Authorities' mutual consent. The modifications shall be formalised in writing specifying the date they will come into force.

24. This Memorandum of Understanding is a statement of intent and does not, and is not intended to, create any legally binding obligations. No provision of this Memorandum of Understanding is intended to give rise to the right on the part of any person, entity or governmental authority, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this Memorandum of Understanding.

25. Without prejudice to paragraph 24 above, the Authorities acknowledge their mutual intention that provision of, or requests for, information under this Memorandum of Understanding may be denied (a) where compliance would require the Bank of Russia or Finansinspektionen to act in a manner that would violate applicable law or any agreement entered into before the date of this Memorandum of Understanding, (b) on grounds of public interest or national security or (c) when compliance with a request for 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.

26. Any difference derived from the interpretation or application of the provisions of this Memorandum of Understanding shall be solved by the Authorities in common agreement.

27. This Memorandum is done in two copies in the English language.

For the  
Central Bank of the Russian Federation

Sergey M. Ignatiev  
The Chairman

For  
Finansinspektionen

Martin Andersson  
Director General

Dated : February 16, 2012

Dated : December 29, 2011