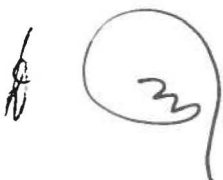


MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN THE
NATIONAL BANK OF BELGIUM
AND
RESERVE BANK OF INDIA
CONCERNING MUTUAL COOPERATION

Recitals

1. The National Bank of Belgium (hereafter referred to as “NBB”) and the Reserve Bank of India (hereafter referred to as “RBI”) have reached the following understanding in order to establish an arrangement for the sharing of supervisory information and enhancing of cooperation in the area of banking supervision to facilitate the performance of their respective duties and to promote the safe and sound functioning of Banking organisations with Cross-border establishments in their respective Jurisdictions.
2. The NBB is responsible for the supervision of financial institutions, among which Banking organisations, in accordance with the law of 22 February 1998 establishing the organic statute of the NBB and specific laws governing the supervision of these establishments. The NBB subscribes and is committed to the principles of effective consolidated supervision and cooperation between banking supervisors and its responsibilities as set out in the Basel Committee’s Concordat and Core Principles for Effective Banking Supervision.
3. The RBI is responsible for the regulation and supervision of Banking organisations taking public deposits, issuing loans, arranging settlement of accounts and engaging in other business in India and in accordance with India legislation. The RBI subscribes and is committed to the principles of effective consolidated supervision and cooperation between banking supervisors and its responsibilities as set out in the Basel Committee’s Concordat and Core Principles for Effective Banking Supervision.
4. The RBI and the NBB agree to cooperate with each other on the basis of mutual trust and understanding in the supervision of Cross-border establishments within their respective Jurisdictions. In this respect they intend to work towards the following outcomes:
 - a. the operations of the Cross-border establishments of Banking organisations under their respective Jurisdictions are prudently conducted;
 - b. the head offices and parent banking organisations exercise adequate and effective control over the operations of their cross-border branches and subsidiaries; and



- c. their respective ongoing supervision of Banking organisations effectively covers cross-border banking establishments on a consolidated basis and assists each other in performing such function.

Definitions

5. For the purpose of this MOU:

- a. "Authorities" shall mean the RBI and the NBB;
- b. "Banking organisation" shall mean (i) in India, an institution authorised to carry on banking business under Section 22 of the Banking Regulation Act, 1949 or permitted under any other enactment or statutory instrument and for the supervision of which the RBI is responsible, and (ii) in Belgium, an institution licensed by the NBB pursuant to the Law of 22 March 1993 on the legal status and supervision of credit institutions whose activities include banking business and the business of taking deposits from general public and for the supervision of which the NBB is responsible;
- c. "Cross-border establishment" shall mean a branch, representative office or subsidiary of a Banking Organisation in each case which is established in the Jurisdiction other than that of its head office or parent banking organisation, which is supervised by the relevant Authority in that Jurisdiction, and which gives rise to the need for consolidated supervision;
- d. "Jurisdiction" shall mean the country, state or other territory, as the case may be, in which the RBI or the NBB has legal authority, power and/or jurisdiction by law;
- e. "Home Authority" shall mean the Authority of the Jurisdiction where the head office or parent banking organisation of a Cross-border establishment is established;
- f. "Host Authority" shall mean the Authority of the Jurisdiction where the Cross-border establishment is established;
- g. "Material supervisory concern" encompasses a matter relating to (a) whether the operations of a Banking organisation are conducted in a safe and sound manner and substantially in conformity 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 Banking organisations in the Jurisdiction of the other Authority. A material supervisory concern as described herein would include concerns that arise from actions of Cross-border establishments.
- h. "Requested Authority" shall mean the Authority to whom a request is made pursuant to this MOU; and
- i. "Requesting Authority" shall mean the Authority that makes a request pursuant to this MOU.

Scope and General Principles

6. The provisions of this MOU are not intended to create legally binding obligations or supersede domestic laws.
7. The Authorities recognise the importance and desirability of mutual assistance and exchange of information. Information would be shared to the extent reasonable and subject to any relevant statutory provisions, including those restricting disclosure. In addition, the provision of or request for information under this MOU may be denied on the grounds of national security or when disclosure would interfere with an ongoing investigation. Where a request for assistance is denied, or where assistance is not available under domestic law, the requested Authority will provide the reasons, as detailed in Clause 31 of this MOU, for not granting the assistance.
8. Requests for assistance will be made in writing by designated employees of the Authority and will be addressed to the requested Authority's contact persons (Annex A). However, where the Authorities perceive a need for expedited action, requests may be initiated in any form but should be confirmed subsequently in writing. The request for information should indicate the sensitivity of the information contained in the request. The request should also indicate the urgency of the request, or the desired time period for the reply.

Sharing of information

9. Information-sharing includes contact during the authorisation and licensing process, during supervision of on-going activities and handling of problem situations.
10. In connection with the authorization process for a Cross-border establishment:
 - a. the Host Authority will endeavour to notify the Home Authority of applications for approval to establish a Cross-border establishment;
 - b. upon request, the Home Authority will endeavour to inform the host Authority whether the applicant Banking organisation is in substantial compliance with applicable laws and regulations and whether it may be expected, given its administrative structure and internal controls, to manage the Cross-border establishment in an orderly manner. The Home Authority will, upon request, endeavour to assist the Host Authority with verifying or supplementing any information submitted by the applicant Banking organisation;
 - c. upon request, the Home Authority will endeavour to inform the Host Authority about the nature of its regulatory system and the extent to which it will conduct consolidated or group-wide supervision over the applicant Banking organisation. Similarly, the Host Authority will, upon request, endeavour to inform the Home Authority about the nature of its regulatory system and the extent to which it will supervise the Cross-border establishment of the applicant Banking organisation; and

- d. to the extent permitted by law, the Home and Host Authorities will, upon request, endeavour to share information on the fitness and properness of prospective managers of a Cross-border establishment.
11. In connection with the ongoing supervision of Cross-border establishments, each Authority upon request from the other will endeavour to:
- a. provide relevant information to their counterpart regarding material developments or Material supervisory concerns in respect of the operations of a Cross-border establishment;
 - b. respond to requests for information on their respective national regulatory systems and inform each other about major changes, in particular those which have a significant bearing on the activities of Cross-border establishments;
 - c. inform their counterpart of material administrative penalties imposed, or other formal enforcement action taken, against a Cross-border establishment. Prior notification shall be made, as far as practicable and subject to applicable laws. Furthermore, the Authorities agree to collaborate, where appropriate, in cases where supervisory corrective measures are taken against a Cross-border establishment and
 - d. facilitate the transmission of any other relevant information that might assist with the supervisory process.
12. Where remedial action is called for to address a Material supervisory concern, each Authority will endeavour to notify the other Authority prior to it taking the appropriate action or, as circumstances dictate, as soon thereafter as practicable, to the extent possible and appropriate.
13. In carrying out the undertakings stipulated above in the case of an India or Belgium Banking organisation facing serious financial difficulties that could have a material adverse impact on the operations of such Banking organisation in the respective host Jurisdiction, the Authorities recognise that close liaison between them would be mutually advantageous. The Authorities will endeavour 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 Authority to resolve the Banking organisation's difficulties and restore confidence in the Banking organisation.
14. The Authorities shall co-operate and will endeavour to share relevant information in the process of decision-making with regard to granting permission (consent) to acquiring shares (stakes) by person or institutions registered in one Jurisdiction of a Banking organisation registered in the other Jurisdiction. The term "acquisition" shall mean the acquisition of a participatory interest in the capital of a Banking organization registered within India or Belgium in the amount that requires, under national legislation, preliminary permission (consent) from the appropriate banking supervisory authority.

15. Requests for information should normally be made in writing in English. However, when there is a need for expedited action, requests may be initiated in any form, including orally, but should be confirmed subsequently in writing. The authority receiving such requests will endeavour to provide the information as quickly as possible.

On-site inspections

16. The Authorities recognise that cooperation is particularly useful in assisting each other in carrying out on-site inspections¹ of Cross-border establishments in the host Jurisdiction. Prior to deciding whether an on-site inspection is necessary, the Home Authority may review any relevant examination reports prepared by the Host Authority.
17. The Home Authority will notify the Host Authority of plans to examine a Cross-border establishment and indicate the purposes and scope of the visit. As may be mutually agreed between the Authorities, examinations may be carried out by the Home Authority alone, or accompanied by the Host Authority. Following the inspection, the Authorities will endeavour to exchange their views on the examination.
18. In addition to the procedures outlined in the chapter on "Sharing of information", upon written request signed by an authorised official of the Requesting Authority, the Requested Authority may, to the extent reasonable and permitted by law, provide the Requesting Authority with information contained in reports of examinations or inspections concerning the Cross-border establishment that is obtained as part of the supervisory process. In addition to the procedures outlined in the chapter on "Sharing of information", such information normally would not include customer account information unless this is of particular relevance only to the supervisory concern prompting the request.

Crisis Management

19. In connection with cross-border cooperation on crisis management:
- a. for a Cross-border establishment and its head office or parent banking organisation affected by crisis, the Home and Host Authorities will endeavour to consider together possible issues and barriers that may arise in cross-border cooperation, and seek potential solutions such as (i) the Home Authority may hold special meetings with any / all relevant authorities concerning a specific Cross-border establishment and its head office or parent banking organisation. (ii) the Host Authority may propose to hold special meetings with any / all relevant authorities concerning a specific Cross-border establishment and its head office or parent banking organisation;
 - b. the Home and Host Authorities will endeavour to inform their counterparts on request, on a timely basis, to the extent permissible and appropriate, of the arrangements for crisis management developed for a specific Cross-border establishment and its head office or parent banking organisation;

¹ The words "inspection" and "examination" are used here interchangeably.



The Authorities will endeavour to share on request, at minimum, information drawn from:

- o assessments on systemic impact, liquidity, solvency and contingency funding plans of a specific Cross-border establishment and its head office or parent banking organisation;
 - o other contingency arrangements; and
 - o contingency liquidation arrangements developed by a Cross-border establishment in the event of bankruptcy.
- c. the Authorities will endeavour to provide their counterparts on request, on a timely basis, with information pertaining to deposits protection arrangements for a specific Cross-border establishment under their respective Jurisdictions;
- d. to assist the Host Authority responsible for a specific Cross-border establishment, the Home Authority, on request and where necessary, will, to the extent it is found feasible, endeavour to require the head office of the branch / the parent banking organisation to provide, on a timely basis, its initiatives and solutions for liquidity assistance to as well as other supporting measures for the entity; and
- e. where permitted by law and confidentiality arrangements, the Home and Host Authorities will endeavour to provide their counterparts with the aforesaid information within a reasonable time period.

Protection of information

20. The Authorities recognize that mutual trust can only be achieved if exchanges of information can flow with confidence in both directions. The Authorities agree to take all possible steps to preserve the confidentiality of the information received from each other pursuant to this MOU. In this regard, employees of both Authorities are bound to hold confidential all information obtained in the course of their duties. Any confidential information received from the other Authority will be used exclusively for lawful supervisory purposes.
21. An Authority that has received confidential information from the other Authority may subsequently receive a non-legally enforceable request for that information from a third party, including a third party supervisory authority, who has a legitimate common interest in the matter. Prior to passing information to the third party, the Authority will consult with and obtain agreement from the providing Authority, who may attach conditions to the release of information, including that the third party recipient be bound to hold the information confidential.

22. In the event that an Authority is legally compelled to disclose to a third party, including a third party supervisory authority, information that has been provided in accordance with this MOU, this Authority will promptly notify the providing Authority, indicating what information it is compelled to release and the circumstances surrounding its release. If so required by the providing Authority, the other Authority will use its best endeavours to preserve the confidentiality of the information to the extent permitted by law.
23. The sharing of confidential information pursuant to this MOU is done in reliance on the foregoing assurances and shall not constitute a waiver of any legally recognizable privilege as to any person other than the parties to this MOU.
24. The RBI and the NBB, in providing confidential written materials pursuant to this MOU, should mark the first page of the materials provided with a legend reading substantially as follows (but failure to do so shall not affect the confidentiality of such written materials):

“CONFIDENTIAL - PROVIDED PURSUANT TO RBI /NBB MOU”.

25. All personnel likely to use the information shared within the framework of the present MOU remain subject to the professional secrecy rules provided by the Indian legislation for the RBI employees and Belgian legislation for NBB employees.
26. Nothing in this MOU shall require or be deemed to require either of the Authorities to provide information or assistance, the disclosure or provision of which is restricted or prohibited by law or to act in any manner which amounts to violation of the provisions of law.

Financial Crime

27. The Authorities intend to co-operate closely when they identify suspected financial crime activities in supervised banks and financial transactions. For the purposes of this agreement, financial crimes are in particular: money laundering, unauthorised banking. Such cooperation will be in terms of the national laws and statutes governing sharing of such information.

Ongoing Coordination

28. The Authorities agree to promote their cooperation through visits for information purposes. In addition, the Authorities agree to pursue areas where the training of staff at either Authority would benefit from input and support by the other Authority in order to reinforce sound banking supervisory practices in both countries.
29. The Authorities will conduct meetings as often as appropriate to discuss issues concerning Banking organisations that maintain Cross-border establishments in the respective countries, and to review the effectiveness of cooperation arrangements.
30. Representatives of both Authorities will also endeavour to participate in the meetings of colleges of Supervisors concerning banking groups supervised on a consolidated basis either by the RBI or by the NBB and with presence in both Belgium and India.




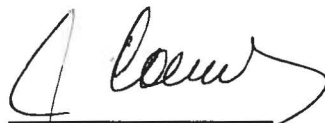
General Provisions

31. The provision of, or request for, information under this MOU may be denied (a) where compliance would require the RBI or the NBB to act in a manner that would violate applicable law or any agreement entered into before the date of this MOU; (b) when compliance with a request or provision of information would interfere with an investigation in circumstances where the prejudice to the investigation is likely to outweigh the adverse effects of denying the information; (c) on grounds of public interest or national security; or (d) any other legitimate ground, which in the opinion of the Authority concerned is likely to have an adverse impact on the effective discharge of its functions.
32. Any revision or amendment of this MOU shall only become valid after such revision or amendment was accepted in writing by both Authorities.
33. This MOU is a statement of intent and does not, and is not intended to create any legally binding obligations on either Authority.
34. By signing or acting under this MOU, neither Authority waives any immunity from suit or privilege 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 MOU had not been executed.
35. No provision of this MOU is intended to give rise to the right 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 MOU.
36. The Authority from whom assistance is sought may, as a condition of agreeing to give assistance under this MOU, require the other Authority to make a contribution to costs. This is to recognize that in certain circumstances there will be significant costs associated with the provision of assistance.
37. Any difference derived from the interpretation or application of the provisions of this MOU shall be solved by the Authorities in common agreement.
38. This MOU shall continue indefinitely subject to modification by the mutual consent of the Authorities or termination by either party with 30 days advance notice in writing. After termination, the confidentiality provisions shall continue to apply to any information provided under this MOU prior to termination.
39. Annex A will be reviewed at least annually and reconfirmed or amended as necessary to ensure that the information therein remains current.

For the Reserve Bank of India

For the National Bank of Belgium


Shri G. Jagannathan Rao
Chief General Manager – In-Charge
Date: 13/03/2013


Luc Coene
Governor
Date: 13/03/2013

Annex A

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