



Memorandum of
Understanding between
the
**Banco Central do
Brasil**
and the
**Central Bank of The
Bahamas**
in the field of Supervision
and Resolution of
Authorised Institutions

1. Banco Central do Brasil (BCB) and Central Bank of The Bahamas, hereinafter referred to jointly as "the Authorities", express their willingness to co-operate on the basis of mutual trust and understanding and agree to base their co-operation in respect of the supervision and resolution of Authorised Institutions on the principles and procedures outlined in this Memorandum of Understanding (MoU). Both Authorities recognize the Basic Principles for Effective Supervision issued by Basel Committee on Banking Supervision (BCBS).
2. This MoU does not create any binding legal obligations upon the Authorities.
3. Banco Central do Brasil is entrusted with the regulation, supervision and resolution of financial entities and payment institutions in Brazil pursuant to Articles 9 and 10, IX, of Law 4,595, of 1964 (the Banking Law), Article 1 of Law 6,024, of 1974 and Article 1 of Decree-Law 2,321, of 1987 (Laws of Resolution) and Articles 9, 10 and 15 of Law 12,865, of 2013. The BCB is a federal agency with its own separate legal identity, acting as an executive arm of the National Monetary Council, which is the body responsible for the definition of the main policies and rules for the Brazilian financial system.
4. The Central Bank of The Bahamas is a body corporate established pursuant to section 3 of the Central Bank of The Bahamas Act (Ch 321 of the Revised Statute Laws of The Bahamas, 2009) and is responsible for the regulation and supervision of (a) banks, bank and trust companies, trust companies, money transmission businesses and registered representatives pursuant to sections 3A and 4 of the Banks and Trust Companies Regulation Act (Ch 316 of the Revised Statute Laws of The Bahamas, 2009); (b) payment institutions pursuant to the Payment Instruments (Oversight) Regulations, 2017; and (c) co-operative credit unions pursuant to section 5 of the Bahamas Cooperative Credit Unions Act, 2015.
5. For the purposes of this MoU, the following definitions apply:

"Authorised Institution(s)" means:

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(a) in Brazil, an institution authorised or supervised by the BCB, under applicable Laws and Regulations, such as: Article 10, subsections IX and X of the Banking Law (Law 4,495, of 1964), Article 9, subsection V, of the Law 12,865, of 2013, amongst others, and

(b) in The Bahamas, an institution licensed pursuant to section 3A and 4 of the Banks and Trust Companies Regulation Act.

“Cross-Border Establishment(s)” means a branch, a subsidiary 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, giving rise to the need for consolidated supervision.

“Home Supervisor” means the Authority in Brazil or in The Bahamas, responsible for the supervision of an Authorised Institution, which has established a branch, subsidiary, or representative office in another country (the host country).

“Host Supervisor” means the Authority in Brazil or in The Bahamas, responsible for the supervision of a Cross-Border Establishment in the host country.

“On-Site Inspection(s)” means the official visits carried out on-site at a Cross-Border Establishment by the Home Supervisor, through duly authorised officers.

“Requesting Authority” means the Authority making a request under this MoU.

“Requested Authority” means the Authority receiving a request under this MoU.

“Cyber Security Information” means:

- (a) knowledge about cyber incidents and cyber threats relating to the financial sector in the respective jurisdictions of the Authorities;
- (b) information related to cyber risk and cyber resilience, relevant to the financial sector, that comes to the attention of the Authorities;
- (c) selected topics about cyber security (including regulatory responses, actions and measures) of the respective Authorities; and

(d) the results of supervisory actions taken to evaluate the information security controls of Authorised Institutions, including the opinion of the Authorities on the adequacy of such controls.

Scope

6. The Authorities intend to co-operate on the supervision and resolution of Cross-Border Establishments. The Authorities also recognize the relevance of developing operational resilience practices, including exchange of information regarding cyber security to maintain awareness of cyber threats, to provide timely guidance to protect financial systems against cyber incidents.
7. The scope of co-operation between the Authorities encompasses the licensing (both issuance and revocation of a licence); the ongoing supervision; the resolution planning and the execution of resolution measures of Cross-Border Establishments; as well as the sharing of information related to cyber security and information regarding relevant third-party technology service providers for the financial sector in the respective jurisdictions, if available. The Authorities agree to advise each other on Cross-Border Establishments operating in their respective jurisdictions, upon specific request and to the extent allowed under their respective national laws, to assist with consolidated supervision of a Cross-Border Establishment.
8. Upon receipt of a written request by the Home Supervisor for information regarding a Cross-Border Establishment operating from within the host country, the Host Supervisor shall endeavour to provide to the Home Supervisor the information requested, insofar as this may be permitted under the Host Supervisor's laws. Such information must not contain individualized information on the liability side of the balance sheet, unless it is of particular relevance to the Home Supervisor, according to the provisions of paragraph 22. Likewise, the exchange of information under this MoU may be denied, to the extent permitted by domestic laws, for reasons of public interest, national security, or when its disclosure could interfere with an ongoing

investigation. Where the Authorities perceive a need for expedited action, requests may be initiated in any form, but should be confirmed subsequently in writing.

Licensing

9. The Host Supervisor shall notify the Home Supervisor of applications made by an Authorised Institution for approval to establish a branch, a subsidiary or a representative office, to acquire an interest in the host jurisdiction, or to make changes in the beneficial ownership of the Cross-Border Establishment.

10. Where an Authorised Institution applies to set up a Cross-Border Establishment in the host country, upon the request of the Host Supervisor, the Home Supervisor shall inform the Host Supervisor of whether it has any objection to the establishment of a Cross-Border Establishment and if so, the reasons for the objection. If the Home Supervisor has no objection, the Home Supervisor shall inform the Host Supervisor of the solvency ratio and the historic track-records of the parent Authorised Institution, as well as details of the deposit guarantee schemes in the home-country. In addition, the Home Supervisor shall inform the Host Supervisor whether the applicant Authorised Institution is in substantial compliance with the domestic regulations and whether the Authorised Institution is likely, based on its administrative structure and internal controls, to run the Cross-Border Establishment in an orderly and proper manner. Upon request, the Home Supervisor shall also assist the Host Supervisor by verifying or supplementing any information submitted by the applicant Authorised Institution.

11. The Home Supervisor shall inform the Host Supervisor about the nature of its regulatory system and the framework of consolidated supervision applicable to the applicant Authorised Institution. Similarly, the Host Supervisor shall indicate the scope of its supervision and any specific features that might give rise to special arrangements.



12. The Home Supervisor, upon request of the Host Supervisor, shall provide information in its possession as may be useful in assessing the fitness and propriety of prospective managers of a Cross-Border Establishment.

Ongoing supervision; corrective actions

13. The Authorities shall timely inform each other, to the extent permitted under national laws, about any event which has the potential to endanger the stability of Authorised Institutions having Cross-Border Establishments in the other country. The Authorities shall also notify each other of any material administrative penalties imposed or other formal enforcement action which they have taken against such a Cross-Border Establishment, as Host Supervisor, or on the parent Authorised Institution, as Home Supervisor.

14. An Authority shall discuss any significant information on Authorised Institutions having Cross-Border Establishments in the other country, which might be relevant to the other Authority. Relevant matters are in particular:

(a) Concerns about financial soundness of an institution (failure to meet capital adequacy or other financial requirements, significant losses, rapid decline in profits or a deterioration in profitability).

(b) Concerns related to the system of internal controls and corporate governance.

(c) Concerns arising from supervisory visits and On-Site Inspection, prudential interviews or reports, and communications between the Authority and an institution or other regulatory body.

(d) Opinion of the Authorities on the adequacy of business continuity plans prepared by Authorised Institutions/Cross-Border Establishment, including the analysis of scenarios related to disruptions caused by cyber incidents.

(e) Where available, information on relevant third-party technology service providers (e.g., providers of data processing services, data storage services and cloud computing services) for the financial sector in the respective jurisdictions and on

the assessment of the controls developed by the Authorised Institution/Cross-Border Establishment to manage such providers.

(f) Regulatory developments related to data protection issues.

15. The Authorities may require clarifications from each other in respect of information provided and may meet from time to time (whether in person or by virtual means) to discuss supervisory issues.

Crisis situations

16. The Authorities will timely inform each other if they learn of an incipient crisis relating to any supervised institution that has Cross-Border Establishments in the other country.

17. The Authorities will endeavour to cooperate in order to facilitate measures for the management of crisis/emergency situations that may impact Cross-Border Establishments, which may also encompass crises arising from incidents, such as cyber incidents or disruptions of relevant financial services (including services provided by third-party technology service providers) in the financial sector.

On-Site Inspections

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

19. The Requested Authority will not prevent the Requesting Authority from carrying out On-Site Inspections for consolidated supervision of Cross-Border Establishments (either directly or through delegated third-party agents on its behalf) subject to the requirements and limitations of the Requested Authority's national legislation.

20. The Requesting Authority shall notify the Requested Authority at least two (2) months in advance of any On-site Inspection planned to take place in the Cross-Border Establishment, giving details such as the names of the examiners, the purpose and

scope of the Inspection and its expected duration. Under prior written acceptance by the Requesting Authority, representatives of the Requested Authority have the right to be present during the On-Site Inspections and related meetings conducted by representatives of the Requesting Authority. Following the On-Site Inspection, the representatives of the Requesting Authority will discuss the results of the On-site Inspection with the Requested Authority.

21. If the Authorised Institution has been inspected along with its Cross-Border Establishment in the host country, the Home Supervisor shall provide the Host Supervisor with a summary report of the findings, which bear relevance to the Cross-Border Establishment.
22. In case any information relating to an individual client on the liabilities of the Cross-Border Establishment's balance sheet is of particular relevance for consolidated supervision, the Home Supervisor may request the assistance of the Host Supervisor, which will endeavour to provide the information to the extent permitted by national legislation.

Co-operation in the field of exchanging information about cyber security

23. The Authorities agree to co-operate in the field of exchanging information about cyber security and resilience. To that end, the Authorities will exchange, at their own initiative or upon request, information that may be relevant to their supervisory activities.
24. Without prejudice to their domestic laws on privacy and personal data protection, all information exchanged by the Authorities in the area of cyber security and resilience shall be treated confidentially and used exclusively for supervisory purposes, to the extent permitted by the relevant law of the Authorities.
25. In cases where the exchanged information has to be disclosed to third parties, confidentiality of information must be preserved in accordance with paragraphs 34, 35 and 36.

Co-operation in the field of anti-money laundering and counter terrorist financing

26. The Authorities agree to co-operate in the area of Anti-Money Laundering and Counter Terrorist Financing. To that end, the Authorities will exchange, at their own initiative or upon request, information that may be relevant to their supervisory activities, subject to the provisions of their respective national laws.
27. Without prejudice to their domestic provisions on privacy and personal data protection, all information exchanged by the Authorities in the area of the Anti-Money Laundering and Counter Terrorist Financing shall be treated confidentially and used exclusively for supervisory purposes, to the extent permitted by the relevant law of the Authorities.
28. In cases where the exchanged information has to be disclosed to third parties, confidentiality of information must be preserved in accordance with paragraphs 34, 35 and 36.

Resolution Planning and Resolvability Assessments

29. The Authorities agree to exchange the information necessary to draft resolution plans, when they are prepared by the Authority, or to analyse them, if the resolution plans are prepared by Authorised Institutions active in both The Bahamas and Brazil, including, but not limited to, information on recovery plans, contingency plans and other supervision activities, subject to the requirements of national laws.
30. The Authorities also agree to exchange their findings of the resolvability assessments conducted with respect to Authorised Institutions active in both The Bahamas and Brazil, and to inform the other Authority of any significant changes they require in their structure, as a consequence of the aforementioned resolvability assessments.
31. The Authorities, will, whenever possible, endeavour to coordinate their resolution strategies. If feasible and in cases deemed relevant, they shall hold coordination meetings for this purpose.

Implementation of Resolution Measures

32. The Authorities undertake to, whenever possible and in accordance with the legislation in force, inform each other before implementing any resolution measures regarding an Authorised Institution active in both countries. In case it is not possible to inform the other Authority before the implementation of the resolution measures, the Authority shall inform the other Authority as soon as possible after the implementation.
33. The Authorities will, whenever possible, endeavour to cooperate in order to facilitate the implementation of resolution measures, which are considered appropriate to national interests and to the stability of the financial system and which are authorized by the legislation or regulations in force.

Confidentiality of information

34. 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 or obtained through an On-Site Inspection. Any confidential information received from the other Authority, or obtained through an On-Site Inspection, will be used only for lawful supervisory and resolution purposes. To the extent permitted by law, each Authority will hold confidential all information (other than publicly available information) received from the other Authority, or obtained through an On-Site Inspection, pursuant to this MoU and will not disclose such information other than as necessary to carry out its lawful supervisory and resolution responsibilities.
35. Except as provided in paragraph 36, where a Requesting Authority has received confidential information from the Requested Authority, or obtained such information through an On-Site Inspection, and subsequently receives a request for that information from a third party, the Authority will request and obtain the prior written consent of the Requested Authority, who may attach conditions to the release of

information, including that the intended additional recipient be bound to maintain the confidentiality of the information.

36. In the event that an Authority is legally compelled to disclose to a third party, including a third party supervisory authority, information provided in accordance with this MoU, the Requesting Authority should promptly notify the Authority that originated the information, indicating what information it is compelled to release and the circumstances surrounding its release. If so, required by the originating Authority, the Requesting Authority will use its best endeavours to preserve the confidentiality of the information to the extent permitted by law. The Authorities should also keep each other informed of the circumstances in which they are legally bound to disclose the information received.

Ongoing coordination

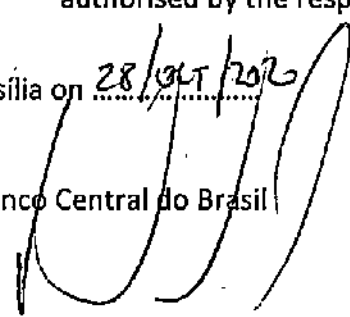
37. In order to enhance the quality of co-operation, representatives of the BCB and of the Central Bank of The Bahamas may convene meetings to discuss issues concerning Authorised Institutions, which maintain Cross-Border Establishments within their respective jurisdiction. In these meetings, they will also review the effectiveness of these arrangements.
38. Each Authority will ensure that the other has access to the relevant lists of Authorised Institutions with Cross-Border Establishments. The Authorities will respond to requests for information on their respective regulatory systems and notify each other about any major change in their domestic rules and regulations within their jurisdiction, in particular about those changes which have a significant bearing on the activities of the Cross-Border Establishments.
39. This MoU is not considered an international agreement within the meaning of Brazilian or The Bahamas' legislation and it does not establish legally binding obligations; nor does it derogate any provision of national, international or

supranational legislation in force in Brazil or in The Bahamas. Therefore, neither party shall bear any liability regarding their eventual failure to comply with it.

40. The Authorities shall deploy their best efforts in the performance of this MoU. Any disagreement arising from the interpretation of this MoU shall be amicably settled by means of consultations between the parties.
41. Each Authority shall cover its own costs corresponding to On-Site Inspection as well as the cost of generating the information requested, if applicable. Other high assistance costs will be covered as agreed by the Authorities for each particular case.
42. This MoU shall come into force on the date of the last signature by the Authorities and shall as of that date supersede the MoU signed by the Authorities on February 2nd, 2005.
43. This MoU shall remain in existence 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.
44. Co-operation and assistance in accordance with this MoU will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue co-operation and assistance. If either Authority gives such a notice, co-operation and assistance in accordance with this MoU will continue 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.
45. This MoU may be modified or amended by the written agreement of the Authorities.
46. The Authorities may publish or disclose this MoU in its entirety, in accordance with their respective national laws.



47. The Authorities 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 Authorities to execute this document on their behalf.

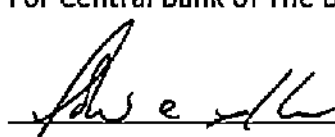
In Brasília on 28/Oct/2020


For Banco Central do Brasil

Paulo Sérgio Neves de Souza
Deputy Governor for Supervision

In Nassau, The Bahamas on 24/Nov/2020

For Central Bank of The Bahamas



John A. Rolle
Governor