

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE COMMISSION BANCAIRE  
AND  
THE QATAR FINANCIAL CENTRE  
REGULATORY AUTHORITY**

**PREAMBLE:**

1. In view of the fact that a number of banks and other financial organisations incorporated in the Qatar Financial Centre (the QFC) or France may in the future have operations in both jurisdictions, the *Commission Bancaire* (hereafter the “CB”) and the Qatar Financial Centre Regulatory Authority (hereafter the “the QFC Regulatory Authority”) hereby agree to the provisions set out in this Memorandum of Understanding (MOU) in order to facilitate effective banking supervision and promote the safe and sound functioning of banks and other financial organisations in their jurisdictions.
2. The Basel Committee on Banking Supervision has issued Core Principles for Effective Banking Supervision (hereafter the “Core Principles”)<sup>1</sup>.
3. The overall aim of the present MOU is to improve the strength of the financial systems of the Authorities’ respective jurisdictions in accordance with the abovementioned Core Principles, thereby helping to maintain financial stability and confidence in the domestic and international financial systems and reducing any risk of loss to depositors and creditors.

**ARTICLE I : LEGISLATION AND COMPETENT AUTHORITIES**

1. The relevant French Law for the purposes of this MOU is the *Code monétaire et financier*, in particular Articles L.632-7 and L.632-13. The provisions relating to professional secrecy are provided in Article L.613-20 of the *Code monétaire et financier*.
2. The relevant QFC legal framework for the purposes of this MOU is the *Qatar Financial Centre Financial Services Regulations* (hereafter referred to as the “FSR”). The provisions relating to confidentiality and professional secrecy are set out in Articles 19 and 20 of the FSR.
3. The CB has the task of supervising credit institutions, investments firms (except portfolio management firms), members of regulated markets, participants to clearing houses and some other financial undertakings located within the jurisdiction of the French Republic (hereafter “France”), including French overseas territories.
4. The QFC Regulatory Authority is established by the *Qatar Financial Centre Law* for the purpose of regulating, licensing and supervising banking, financial and insurance-related businesses that conduct regulated activities in or from the QFC.

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<sup>1</sup> <http://www.bis.org/publ/bcbs129fre.pdf>

## **ARTICLE II : DEFINITIONS**

The following definitions apply to this present MOU :

1. “Authority” means the CB or the QFC Regulatory Authority.
2. “Branch” means an organisational unit of a Supervised institution’s head office incorporated in the jurisdiction of one Authority that has received a licence or an authorisation to conduct its cross-border activities in the jurisdiction of the other Authority.
3. “Cross-border institution” means a Branch or a Subsidiary of a Supervised institution incorporated in the jurisdiction of one Authority which has been granted an authorisation in the jurisdiction of the other Authority.
4. “Home Authority” means the Authority responsible for the supervision on a consolidated basis of a Supervised institution.
5. “Host Authority” means the Authority responsible for the supervision of a Branch or Subsidiary of a Supervised institution incorporated in the jurisdiction of the other Authority.
6. “Qualifying holding” means a direct or indirect holding in an institution which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that institution.
7. “Subsidiary” means a separate legal entity incorporated in the jurisdiction of an Authority which is controlled by a Supervised institution incorporated in the jurisdiction of the other Authority.
8. “Supervised institution” means an institution subject to the supervision of the CB in accordance with the *Code monétaire et financier* and an institution under the supervision of the QFC Regulatory Authority in accordance with the FSR and related rulebooks.

## **ARTICLE III : INFORMATION SHARING AND ASSISTANCE**

1. The CB and the QFC Regulatory Authority hereby recognise that closer co-operation during the authorisation process of a prospective cross-border institution as well as sharing of information on the supervision of the ongoing cross-border activities of Supervised institutions, would be mutually advantageous for the Authorities for effective consolidated supervision of those institutions.
2. Requests for information pursuant to this Article shall be made in writing (mail, e-mail, fax) and, in urgent cases, by telephone, confirmed in writing within 10 days of the verbal request.
3. A request shall specify the following :
  - (a) the information sought by the requesting Authority ;

- (b) a detailed description of the subject of the request and the purpose for which the information is sought ; and
  - (c) the desired time period for reply and, where appropriate, the urgency thereof.
4. The Authority receiving a request shall, as soon as practicable, acknowledge receipt, by mail, fax or e-mail and, as far as possible, indicate the time period to provide a written response.

#### Sharing of information during the process of a cross-border authorisation

5. During the process of authorisation of a prospective cross-border institution, and without prejudice to the competences in France of the *Comité des établissements de crédit et des entreprises d'investissement*, the Authorities agree to proceed in the following way :
- (a) The Host Authority shall inform the Home Authority upon receipt of all applications for authorisation in its jurisdiction and obtain the Home Authority's prior opinion before the authorisation is granted ;
  - (b) The Home Authority shall specify to the Host Authority whether the Supervised institution that made the application, must also obtain its approval in order to perform the activity for which it is seeking authorisation ;
  - (c) In response to a request of the Host Authority, the Home Authority shall supply the Host Authority with any relevant information about the Supervised institution regarding its compliance with laws to which the Supervised institution is subject including its compliance with national legislation and any information relating to the degree of the fitness and propriety, reputation and experience of prospective senior managers of a cross-border institution.

#### Sharing of information during the process of an acquisition of Qualifying holdings

6. On the Host Authority's request, the Home Authority will supply any appropriate information on a natural person or legal entity that requires an authorisation or approval to acquire a Qualifying holding in a Supervised institution located in the host country, if the information is available.

#### Sharing of information for the purpose of consolidated supervision

7. Upon request and in order to meet the effective consolidated supervision requirements of a supervised cross-border institution, the Authorities intend to :
- (a) Share any relevant information to assist each other in the performance of their respective functions ;
  - (b) Inform each other of administrative penalties imposed or any other formal enforcement action taken on a cross-border institution or its employees in their jurisdiction ;
  - (c) Respond to requests for information on any aspect of their respective national banking and control system, and inform each other about any major changes on the subject ;

- (d) Endeavour to inform each other, in a timely manner and to the extent reasonable, about any event which has the potential to endanger the stability of cross-border institutions headquartered in the QFC and/or in France.

#### Provision of Unsolicited Information

8. The Authorities will make all reasonable efforts to provide information, or arrange for information to be provided, to each other, without prior request, where they consider that information will assist the other Authority in the performance of its functions.

#### On-site Inspections

9. The Authorities agree that cooperation is useful in assisting each other in carrying out on-site inspections of Supervised institutions and their cross-border institutions and agree to assist each other, as far as practicable, to conduct on-site inspections in their jurisdiction.
10. Each Authority shall allow the other Authority to carry out on-site inspections of Supervised institutions in their jurisdiction, subject to the fulfillment of the following formalities :
- (a) notification is provided to the relevant contact person at least 2 months before the envisaged date of the visit, specifically regarding the purpose of inspection, its expected duration, the institution(s) to be inspected and details of the persons performing the inspection ;
  - (b) the inspection is carried out under the conditions set out in Article V (6) and (7).
11. Provided the request for an on-site inspection complies with the provisions above, the Authority may carry out the inspection in France or QFC, as the case may be. The Authority in whose jurisdiction the inspection is taking place may appoint a representative to conduct the inspection together with the other Authority's representatives.
12. The Authority in whose jurisdiction the inspection is taking place shall, where appropriate, exercise its statutory powers to ensure a Supervised institution complies with any requests for information issued by the other Authority in connection with the carrying out of inspections pursuant to this document.
13. A written report on the results of the inspection shall be submitted to the other Authority for information purposes. The information on the results of the inspection may provide a basis for further action, including disciplinary proceedings, undertaken by the Authority that initiated the request for the on-site inspection.
14. This shall be without prejudice to the right of the Authority in whose jurisdiction the inspection took place to take action against a Supervised institution located in its territory, on the basis of the report of inspection, for an alleged infringement of applicable laws.

Prevention of money laundering and struggle against terrorism financing

15. Each Authority shall do its best, within the framework of its legislation, to co-operate in the prevention of money laundering and struggle against terrorist financing, including where one Authority suspects that illegal banking activity is being carried on by a Supervised institution or a cross-border establishment.

**ARTICLE IV : CONFIDENTIALITY OF THE INFORMATION SHARED BETWEEN THE AUTHORITIES AND PROFESSIONAL SECRECY**

1. Confidential information obtained by an Authority under this MOU shall be used solely for lawful supervisory purposes, in accordance with the purpose(s) identified in the request for information and any applicable laws.
2. The Authorities agree that any information obtained under this MOU shall remain confidential in accordance with the provisions of this MOU. In this regard it is recognised that employees, officers, agents or contractors of the Authorities are bound by an obligation to hold confidential the information obtained in the course of their duties. No provision of this MOU shall give rise to the right on the part of any person, entity or governmental authority other than the Authorities, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this MOU.
3. The recipient Authority will only disclose confidential information in accordance with its applicable laws, regulations and requirements. Subject to paragraph 4, the recipient Authority will consult with and seek the consent of the requested Authority if it proposes to pass information to another person.
4. When an Authority is legally compelled to disclose confidential information received, it shall fully co-operate with the other Authority in order to keep the information confidential, to the extent permitted by the laws of the Authority that requested the information. It shall consult with the Authority that provided the information before transmitting it to the requesting entity and where that Authority does not consent itself to passing on the information, the Authority forced to disclose confidential information will :
  - (a) assert the appropriate legal exemptions or privileges with respect to the information as may be available ; and
  - (b) advise the requesting entity that a forced disclosure could adversely affect the future transmission of confidential information by foreign supervisory authorities and shall request that the information be kept confidential by the requesting body.
5. In the event of a breach of the conditions set out above, the Authority that provided the information may suspend the execution of co-operation under this MOU with immediate effect. Such suspension shall not affect the obligation of confidentiality over information already exchanged between the Authorities.
6. Each Authority shall keep confidential requests made within the framework of this MOU, the content of such requests, and any other matters arising during the operation of this MOU, including consultation between the Authorities.

## ARTICLE V : GENERAL PROVISIONS

1. Nothing in this MOU shall :

- (a) affect the competence of the Authorities under their respective national laws, or if the case arises, the European laws and the control methods ; or
- (b) prevail over, alter, create any arrangement of information exchange that either Authority may already have in place.

2. This MOU does not modify or supersede any laws or regulatory requirements in force in France or the QFC, or applying to, the CB or the QFC Regulatory Authority. This MOU sets forth a statement of intent and accordingly does not create any enforceable rights.

### Mutual information of laws and regulations

- 3. The Authorities have exchanged documents intended to inform each other of the laws (including, where applicable, regulations and procedures) governing the Supervised institutions and banking organisations in their respective jurisdictions.
- 4. The Authorities represent that they have informed each other of all the laws, regulations and procedures governing the confidentiality of information to be shared pursuant to this MOU.
- 5. The Authorities acknowledge that this MOU has been executed in accordance with the applicable laws and regulations in France and in the QFC and is based on the representations made and supporting materials exchanged between the Authorities.

### Restrictions providing information and assistance

- 6. The Authorities acknowledge that they may only provide information under this MOU if permitted or not prevented under applicable laws, regulations and requirements.
- 7. The Authorities understand that the provision of information or assistance to an Authority must be refused by the other Authority where carrying out the request is likely to prejudice the sovereignty, security, essential economic interests or public policy, or when a criminal proceeding has been instituted against the same facts and the same persons, or when a final decision to impose a sanction has been given against the same facts. Nothing in this MOU shall affect this obligation.

### Costs

- 8. The Authority providing assistance may require the requesting Authority to make a contribution to costs, if the cost of fulfilling a request is likely to be substantial.

### Implementation of the MOU

- 9. This MOU shall enter into force on the date of its signing by the Authorities. If this MOU is signed by the Authorities on different dates, this MOU shall enter into force on the later date.

10. The provisions of this MOU may be amended by written agreement.
11. The *Secrétaire Général* of the CB and the CEO of the QFC Regulatory Authority may issue practical arrangements regarding the method of co-operation between the Authorities.
12. The Authorities shall consult each other in the event of any changes in their respective laws or in the event of any other difficulty which might make it necessary to amend or interpret this MOU.
13. In the event of difficulty in the interpretation of this MOU, the Authorities will seek a common interpretation.
14. The MOU will remain in effect for an indefinite period from the date it comes into force. Should an Authority wish to terminate the MOU, it must give written notice to the other Authority as soon as possible. In any case, the duty of confidentiality referred to in Article IV under this MOU shall continue in effect with respect to any information disclosed.

Successor


15. The Authorities agree that any entity that becomes the successor in interest, or otherwise legally assumes the functions, powers and duties, of an Authority shall, at the date it becomes such successor or assumes such functions, powers and duties, become a party to this MOU.

This MOU has been written in French and English, both having equal standing. In case of doubt regarding the interpretation of the relevant MOU due to the differences between the versions, the QFC Regulatory Authority and the CB will deal with the issue as efficiently as possible and in accordance with the basic principles of the relevant MOU.


Signed in Paris  
on the 18th MAY 2009

**Commission Bancaire**

Jean-Paul Redouin  
First Deputy Governor of Banque de France  
Chairman of the Banking Commission

Signed in   
on the 8th of July 2009

**QFC Regulatory Authority**

  
Phillip Thorpe  
Chief Executive Officer