



**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

**OFFICE OF THE COMPTROLLER OF THE CURRENCY**

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY**

**Statement of Cooperation**

1. In view of the fact that a number of banks and banking organizations chartered in the United States and Australia have operations in each of the respective jurisdictions, the Board of Governors of the Federal Reserve System (the "Board"), the Office of the Comptroller of the Currency (the "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), and the Australian Prudential Regulation Authority ("APRA") have reached an understanding in order to establish an arrangement for the sharing of supervisory information to facilitate the performance of their respective duties and to promote the safe and sound functioning of banks and banking organizations in their respective jurisdictions. This understanding also demonstrates the commitment of the Board, the OCC, the FDIC and APRA to the principles of comprehensive consolidated supervision and cooperation among banking regulators.

2. The Board, the OCC, the FDIC and APRA express, through this Statement of Cooperation (Statement), their willingness to cooperate with each other on the basis of mutual trust and understanding in the supervision of cross-border establishments of banks and banking organizations incorporated in the United States and Australia insofar as they are subject to the supervision of the Board, the OCC, the FDIC, or APRA.<sup>1</sup>

3. The OCC, the FDIC, the Board and APRA shall be referred to as “Authorities.”

Sharing of Information

4. The Authorities recognize that close communications between home and host supervisors would be mutually advantageous. Cooperation will include contact during the authorization process of a cross-border establishment as well as in the supervision of the ongoing activities of cross-border establishments.

5. In connection with the authorization process, the Authorities intend to:

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<sup>1</sup> “Banking organization” refers to a bank holding company or financial holding company and its bank and non-bank subsidiaries. The term “cross-border establishment” refers to branches, subsidiaries and affiliates of a bank insofar as they are subject to the supervision of the Board, the OCC, the FDIC, or APRA.

a. notify the appropriate home supervisor(s), without delay, of applications for approval to establish cross-border establishments in one jurisdiction by banks and banking organizations from the other jurisdiction;

b. upon request, inform the host supervisor(s) whether the applicant is in substantial compliance with banking 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; and

c. to the extent reasonable and consistent with law, share information on the capability, integrity, or experience of the prospective managers of the cross-border establishment.

6. In connection with the ongoing supervision of cross-border establishments, the Authorities intend to:

a. endeavor to notify the appropriate home supervisor(s) and provide relevant information regarding any material developments or supervisory concerns in respect of the local operations of any bank or banking organization headquartered in the other jurisdiction;

b. respond to requests for information on any aspect of their respective regulatory systems and inform each other about any major changes which have a significant bearing on the activities of cross-border establishments of banks and banking organizations incorporated in the other jurisdiction;

c. endeavor to inform the appropriate host supervisor(s), in a timely manner and to the extent reasonable, about any event which has the potential to endanger the stability of cross-border establishments in the host jurisdiction; and

d. inform the appropriate Authority(ies) in the other jurisdiction of administrative penalties imposed, or any other formal enforcement action taken, on a cross-border establishment as host supervisor, or on a bank or banking organization 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.

7. Upon receipt of a written request by the home supervisor(s), the host supervisor(s) will endeavor to provide to the Authority making the request, information contained in examination or other reports, including in appropriate cases making available relevant excerpts of the report itself, regarding the cross-border establishments of banks and

banking organizations incorporated in the requesting Authority's jurisdiction. Such information normally will not include customer account information unless this is of particular relevance to the supervisory concern prompting the request. Where the Authorities perceive a need for expedited action, requests may be initiated in any form but should be confirmed subsequently in writing.

8. Whenever appropriate, ad-hoc meetings will be arranged to resolve serious supervisory problems concerning a cross-border establishment.

#### Supervisory Cooperation

9. The Authorities recognize that cooperation is particularly useful in assisting each other in carrying out on-site inspections of cross-border establishments in the host jurisdiction. The home supervisor(s) will notify the host supervisor(s) of plans to inspect or verify any information concerning a cross-border establishment in the host jurisdiction, indicating the purpose of the visit and the aspects of the cross-border establishment they wish to explore. Inspections or examinations of cross-border establishments in the host jurisdiction will be undertaken only after consultation with the licensing or supervising authority of such cross-border establishments in that jurisdiction. At the discretion of the host supervisor(s), examinations or inspections may be carried out independently by the home supervisor(s), or jointly with the host supervisor(s). The home supervisor(s) will

inform the host supervisor(s) at the conclusion of an examination or inspection and provide, to the extent reasonable, information on the results of the review relevant to the operations of the cross-border establishment.

10. a. The Authorities intend to cooperate closely when they identify suspected money laundering, terrorist financing, unauthorized banking business, and other criminal financial activities and will endeavor to share information related to such activities, including, as relevant, customer-related information, in accordance with the provisions of this understanding.

b. The Authorities will endeavor to share information related to banks or banking organizations in the United States and Australia that are under common ownership or control by one person or group of persons. To the extent such parallel-owned banking organizations are not subject to consolidated supervision, the Board, the OCC, or the FDIC, on the one hand, and APRA, on the other, would expect to consult on aspects of the U.S. and Australian operations that may have an impact on the operations in the other country.

#### General Provisions

11. Information will 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 Statement may be denied on grounds of public interest or national security or when disclosure would interfere with an ongoing investigation.
  
12. Any confidential information received from another Authority will be used only for lawful supervisory purposes. To the extent permitted by law, each Authority will hold confidential all information (other than publicly available information) received from another Authority pursuant to this Statement and will not disclose such information other than as necessary to carry out its lawful supervisory responsibilities.
  
13. In cases where an Authority receives a request for information, but disclosure is not legally compelled or necessary to carry out an Authority's lawful supervisory responsibilities, the Authority receiving the request will consult and obtain the prior consent from the Authority(ies) that originated the information before releasing the information.
  
14. In the event that an Authority is legally compelled to disclose confidential information provided pursuant to this Statement, it is understood that such Authority will

cooperate in seeking to preserve the confidentiality of the information to the extent permitted by law.

15. In all cases of disclosure to third parties, to the extent consistent with law, the Authority disclosing the information will notify the Authority that originated the information prior to such disclosure or as soon as practicable thereafter.

16. No privileges or confidentiality associated with information provided by any Authority are intended to be waived as a result of sharing such information pursuant to this Statement.

17. The Authorities will conduct meetings as often as appropriate to discuss issues concerning banks and banking organizations that maintain cross-border establishments in the respective other jurisdiction. In addition, every effort will be made to encourage continuous and informal contacts between the staff of APRA and the staffs of the Board, the OCC, and the FDIC.

18. The Authorities may promote their cooperation through visits for informational purposes. In addition, the Authorities may pursue areas where the training of staff at one



Authority would benefit from input and support by another Authority in order to reinforce sound banking supervisory practices in both jurisdictions.

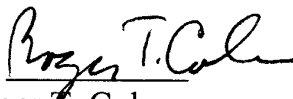
19. Nothing in this Statement affects the competence or supervisory authority of the Authorities under their respective national laws.

20. This Statement will enter into force as of the date written below and continue indefinitely subject to modification by the mutual consent of the parties or termination by any Authority with 30 days advance notice to the other Authorities. After termination, the confidentiality provisions shall continue to apply to any information provided under this Statement prior to termination.

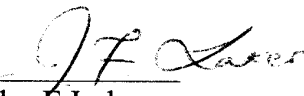
21. The Authorities look forward to continued cooperation and discussions on these and other supervisory matters.

Confirmed:


Board of Governors of the  
Federal Reserve System

By   
Roger T. Cole  
Director of Banking Supervision  
and Regulation

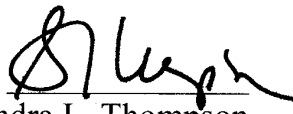
Australian Prudential Regulation Authority

By   
Dr John F Laker  
Chairman

Office of the Comptroller  
of the Currency

By   
Jeffrey A. Brown  
Senior Deputy Comptroller for  
International and Economic Affairs

Federal Deposit Insurance Corporation

By   
Sandra L. Thompson  
Acting Director, Division of Supervision  
and Consumer Affairs

Dated: October 19, 2006