

# **MEMORANDUM OF UNDERSTANDING**

between the

**BANCA D'ITALIA**

and the

**COMMISSION BANCAIRE ET FINANCIERE**

concerning the cooperation in the field of banking  
supervision, after the implementation of the  
Second Banking Coordination Directive

## **MEMORANDUM OF UNDERSTANDING**

The Banca d'Italia  
(hereinafter: "the Italian authority")

and the

Commission bancaire et financière  
(hereinafter: "the Belgian authority")

(both hereinafter also referred to jointly as "the Italian and the Belgian authorities"),

agree to base their cooperation in the field of banking supervision after the implementation in both countries of the Second Banking Coordination Directive (89/646/EEC) on the principles and procedures laid down in this memorandum.

This memorandum is not directly concerned with the relationship between supervisory authorities and supervised institutions, as these are exclusively regulated under EC and national legislation.

The terminology of this memorandum shall be construed in accordance with the definitions laid down in the Second and other Banking Directives of the European Communities.

The provisions of this memorandum are without prejudice to the rights and competences acknowledged by the banking directives to the national monetary authorities.

### **I. PREMISE**

#### **1 - Competent authorities**

In Italy, the Banca d'Italia is responsible for the supervision of the credit system, within the general framework laid down by the Comitato Interministeriale per il Credito e il Risparmio (CICR).

In Belgium, the responsibility for the supervision of credit institutions lies with the Commission bancaire et financière.

In Italy, credit institutions engaging in securities investment business have to comply with requirements concerning transparency, correctness and regularity of transactions laid down, in accordance with the law, by the Companies and Stock Exchange Commission (CONSOB).

#### **2 - Professional secrecy**

Compliance with the obligation of professional secrecy by all officials who receive classified

information from another member state in the course of their activities is a necessary condition for successful cooperation between the Italian and Belgian authorities. The Italian and the Belgian authorities shall ensure compliance with Article 12 of the First Directive as amended.

## **II. ESTABLISHMENT OF A BRANCH / NOTIFICATION**

### **1 - Filing and communication of the notification**

#### **(i) Credit institutions**

A credit institution wishing to establish a branch within the territory of the other member state must file a notification in its home country. Such notifications shall be conveyed to the Belgian and Italian authorities along with a certified translation into one of the official languages of the host country.

The home supervisor shall inform the host supervisor that a procedure aiming at the establishment of a branch in the territory of the latter has been instituted, unless the information already available would rule out the establishment of the branch. The Italian and the Belgian authorities will use the three-month period provided for in Article 19 (3) of the Second Directive to exchange information concerning the establishment of the branch.

The home-country authority shall communicate the notification to the host-country authority within the three-month period of Article 19 (3) of the Second Directive, unless it has reason to doubt the adequacy of the administrative structure or financial situation of the credit institution for the activities envisaged. The host-country authority shall acknowledge receipt of communication without delay.

For credit institutions carrying on securities investment business, the Banca d'Italia shall inform the CONSOB of the notifications received pursuant to Article 19 (3) and Article 20 (2) of the Second Banking Coordination Directive.

#### **(ii) Financial institutions under Article 18 (2)**

When the notification concerns a financial institution under Article 18 (2) of the Second Directive, it must be accompanied by a certificate issued by the home-country authority verifying compliance with the conditions listed in Article 18 (2).

In Italy financial institutions referred to in Article 18 (2) of the Second Directive will be able to open a branch in the other member state through the procedure laid down in that provision, once the norms implementing Article 7 of Law 197/91 providing for the prudential supervision of financial institutions have been issued. They will have to notify the Banca d'Italia and will be supervised by the Banca d'Italia; the practical arrangements agreed in this memorandum will apply *mutatis mutandis* to such institutions.

In Belgium, financial institutions mentioned in Article 18 (2) of the Second Directive will have the possibility to open a branch through the procedure laid down in that provision. They will have to notify to the Commission bancaire et financière and will be subject to its supervision. The practical arrangements agreed in this memorandum will apply *mutatis mutandis*.

## **2 - Contents of the notification (branch managers, procedures of internal control, etc.); notification procedure**

### **(i) Credit institutions**

Notifications shall contain the information specified in the national regulations of the two countries in accordance with Article 19 (2) of the Second Directive.

The home country will lay down the requirements of the programme of operations, including those concerning the structural organization of the branch and the application of the credit institution's internal controls. The programme of operations shall list the activities the credit institution intends to engage in, with those listed in the Annex to the Second Directive and other activities shown separately.

The responsibility for the appointment of the branch managers rests with the individual credit institution. The Italian and the Belgian authorities will - so far as they become aware - inform each other of the criminal conviction of a branch manager, with special reference to any sentence barring him from banking activities, and of other facts putting his fitness or properness in doubt, irrespective of whether he has already taken up his post at the branch. The home-country authorities will act on such information in accordance with their respective national regulations.

The amount of own funds and the solvency ratio of the credit institution, as well as details of the deposit guarantee schemes in the home country (cf. Article 19 (3) subparagraph 2) of the Second Directive), shall be communicated to the host-country authorities.

If the host-country authority learns of the establishment of a branch in its territory by a credit institution incorporated in the other member state before receiving proper notification, it shall inform the home-country authority without delay. The latter shall take the necessary steps to make the credit institution comply with the regulations and inform the host-country authority.

The provisions of the previous paragraph are without prejudice to other measures the host country may consider appropriate.

### **(ii) Financial institutions under Article 18 (2)**

The Belgian and the Italian authorities will specify the contents required of the notification in accordance with Article 19 (2) of the Second Directive. The practical arrangements agreed in this memorandum shall apply *mutatis mutandis* to such financial institutions.

## **3 - Reply by the host-country authorities**

Pursuant to Article 19 (4) of the Second Directive, the host-country authority, within two months upon receipt of the notification, shall advise the credit institution of the conditions it must observe in the interest of the general good when carrying out in the host country the activities listed in the Annex to the Directive.

The reply shall also specify if, with regard to the regulations on credit institutions, activities not included in the Annex to the Directive may be carried out and on what conditions.

The note shall be drawn up in one of the official languages of the host country. The host-country authorities shall send a copy of that note to the home-country authorities no later than to the credit institution.

Any communication of the supervisory authorities shall be without prejudice to the responsibility of the credit institution to conform itself to the legal provisions valid in the host state, and applicable to its establishment and its operations.

#### **4 - Setting up of further places of business in the host country**

A credit institution that has established a branch in the host country in accordance with the provisions of Article 19 of the Second Directive may open further "places of business" in the host country without the notification requirement of Article 19 (2). If the number of new "places of business" to be opened is such as to change significantly the scale and nature of the operations, the procedure under Article 19 (6) shall apply.

The home-country authority shall ensure that a credit institution with several places of business established in the host country specifies one place of business as the head branch, the managers of which shall answer to the host supervisor and for that purpose shall have the necessary powers and responsibilities on the whole of the places of business in the host country.

The Italian and the Belgian authorities as host-country authorities require the branch to give notice in writing of any place of business to be established in its territory. The managers of the branch shall give notice in Italy to the Banca d'Italia, in Belgium to the Commission bancaire et financière.

#### **5 - Notices of change**

When significant changes in the branch are about to occur, notices of change shall be filed with both the home-country and the host-country authorities, in accordance with Article 19 (6) of the Second Directive. Such notices shall be drawn up in one of the official languages of the home country and accompanied by a certified translation into one of the official languages of the host country.

Where the change concerns the management of the branch, the Italian and the Belgian authorities will use the one-month interim period between the notice and the occurrence of the change provided for in Article 19 (6) to exchange information on the fitness and properness of the designated manager of the branch.

#### **6 - Branches established prior to 1993**

Branches which engaged in activities in accordance with the provisions in force in the host country before the entry into force of those implementing the Second Directive shall be presumed to have been subject to the procedure laid down in Article 19 (1 through 5) of the Directive (cf. Article 23 (1) of the Directive) and may continue to engage in such activities.

The Italian and the Belgian authorities understand that both the host-country and the home-country authorities should have the information required in Article 19 (2b through 2d) of the Second Directive on branches established in the host country prior to 1993. They will help each other to update their files on such branches. The home-country authority shall require credit institutions to furnish any extra data needed for that purpose.

Applying, *mutatis mutandis*, Article 19 (3, subparagraph 2) of the Second Directive, the home-country authority will communicate the information available as of 1 January 1993 on the amount of own funds and the solvency ratio of credit institutions to the host-country authority, as well as details of the deposit guarantee scheme which is intended to ensure the protection of depositors at branches in

the host country.

Applying Article 19 (4) of the Second Directive *mutatis mutandis*, the host supervisor shall inform the relevant credit institutions incorporated in the other member state of the rules whose enforcement it ensures and that are applicable in the interest of the general good. Such information shall also be provided to the home supervisor.

The Italian and the Belgian authorities note that, to their knowledge, no financial institutions as defined in Article 18 (2) were operating in their countries prior to 1.1.1993.

### **III. COOPERATION IN THE FIELD OF SUPERVISION**

#### **1 - Responsibility of the home country**

Pursuant to Article 13 of the Second Directive, responsibility for the prudential supervision of credit institutions, including their branches in other member states, rests with the home-country authority.

Save for the supervision of liquidity, credit institutions and all their branches will be subject only to the prudential supervisory rules of their home country.

Whereas a branch is only constituent of a single legal entity, the Italian and Belgian authorities understand that it would not be justified to have a separate and comprehensive supervision of each branch, whether home or abroad, by the home supervisor over and above the global supervision of the whole credit institution.

The Italian and the Belgian authorities recognize that close collaboration of home and host authorities for the purposes of supervision of foreign branches is highly desirable and consider that they will be in a better position to help each other in carrying out their tasks by establishing regular contacts between the relevant units of their organizations.

#### **2 - Exchange of information**

The Italian and the Belgian authorities understand that the free flow of information will be of paramount importance for successful cooperation in general, and for avoiding supervisory loopholes in particular.

The host-country supervisor agrees to timely inform the home-country supervisor of any fact or event of which they are aware concerning a branch when they estimate that event is of significant importance for the supervision of the institution as a whole.

The Italian and the Belgian authorities agree that there should be an annual meeting to discuss the implementation of this memorandum and the various questions relating to the credit institutions established in both countries and their supervision.

Persons entrusted with home-country or host-country supervisory functions may at all times seek advice from their counterparts in the other member state. If particular supervisory issues call for clarification, ad-hoc meetings shall be arranged between representatives of the Italian and the Belgian authorities. Visits for informational purposes will strengthen the mutual ties of cooperation.

The Italian and the Belgian authorities shall notify each other of any substantial change in their domestic supervisory regulations and policies. They will inform each other of administrative penalties imposed or other actions taken on a branch or an institution as a whole if they judge such information important for the partner authority.

The Italian and the Belgian authorities also agree to exchange information - within reason and upon request - on other prudential issues, such as those concerning standardized traded instruments, conduct of business rules in the financial market, conglomerates of borrowers and other subjects of mutual interest.

### **3 - Access to information on credit risk (Credit Register)**

In Italy, all banks, branches of foreign banks and special credit institutions are required to file monthly reports detailing all individual loans of 80 million lire or more and all bad debts irrespective of size. Amounts of credit granted and utilized, classified by loan category, and guarantees received, are reported, together with the customer's identity, residence, business and legal form.

The Central Credit Register provides credit institutions with information on individual customers' position vis-à-vis the whole banking system, classified by category of loan, including bad debts and amounts overdrawn. The Register also supplies quarterly reports on the obligations of persons guaranteeing borrowers.

From 1.1.1993 on, foreign branches of Italian banks will also be required to report their claims on Italian residents.

Access to the data of the Central Credit Register is limited to reporting institutions and the Banca d'Italia.

The information transmitted to the Central Credit Register and that which it supplies to banks is covered by official secrecy, pursuant to Article 10 of the Italian Banking Law.

The foregoing reporting requirements will continue to apply to the branches of foreign credit institutions in Italy after the implementation of the Second Directive.

In Belgium, credit institutions and the branches of credit institutions of other countries must notify at least monthly to the Risicocentrale at the Banque Nationale de Belgique the granted credits which for an individual borrower amount to one million BF. The total of risks identified for an individual borrower, split up by credit category, is transmitted to the notifying credit institution and to those credit institutions to whom a credit is asked.

The Italian and the Belgian authorities will have access to information provided by both Central Registers to the branches of the banks incorporated in their respective countries. For the time being, access will be through the branches themselves. The Italian and the Belgian authorities will also examine the possibility of facilitating the integration of the information available from the two Central Registers, taking account of the work in progress in this area in the European Community.

### **4 - Cooperation in special fields of supervision**

#### **(i) Market risks**

While recognizing the principle of the responsibility for market risks of the home-country authority, the Italian and the Belgian authorities will assist each other in the prudential assessment of the

market risks to which their respective banks are exposed as a result of the operations of their branches in the market of the other country. They will also inform each other, as soon as possible, of any crisis emerging which could affect the domestic financial market as a whole (e.g. such as to require the closing of the stock exchange).

The host-country supervisor shall inform the home-country supervisor when a branch is in breach of market rules, if such information could be important for the home supervisor. If necessary, the home-country supervisor will inform the host-country supervisor of any measures adopted on the basis of such information.

## **(ii) Liquidity**

The home-country supervisor shall supervise the overall liquidity of credit institutions, including that of their branches in the host country. Pending further EC coordination, the liquidity of such branches will be supervised by the host-country supervisor as well as the home-country supervisor.

The Italian and the Belgian authorities will examine whether they can avoid duplication of work in the area of liquidity supervision and better define their respective roles in promoting banks' stability and the proper functioning of markets.

If a branch fails to comply with the host-country's liquidity requirements, it shall be proceeded as follows:

1. the host-country authorities shall ask the credit institution to put an end to the irregular situation;
2. if the institution concerned fails to take the necessary steps, the host-country authorities shall inform the home-country authorities. The latter shall take all the measures necessary to make the institution comply with the host-country requirements, and communicate the nature of those measures to the host supervisors;
3. if, despite the freedom of capital movements, the liquidity problem of the branch cannot be solved, it shall be assumed that the credit institution faces a problem, which is for the home-country authority to deal with.

The host-country authorities will nonetheless retain the power to take appropriate measures towards the branch in accordance with the provisions of Article 21 (4 and 7) of the Second Directive.

## **5 - Reporting duties; supervisory returns**

The host-country authority will retain the right to impose reporting requirements on branches of credit institutions of the other member state, either in the interest of the general good or with regard to matters for which it retains supervisory control (cf. Article 21 (1) of the Second Directive).

## **6 - Statistical returns**

In Italy, Banca d'Italia gathers data from credit institutions. After 1 July 1993 the statistical reporting burden on branches of EEC credit institutions has been reduced.

In Belgium the reporting obligations of the branches of EC credit institutions have been redefined as part of a global redefinition of the reporting obligations of credit institutions, with effect from 1st January 1993. For the matters remaining within the competence of the host country, the branches will have to communicate the same information as those imposed on the national credit institutions.



As periodical reporting on the operations carried out in Belgium [Article 21 (1) of the Second Directive] the Commission bancaire et financière will use the information that the branches will transmit to the Banque Nationale de Belgique.

The Italian and the Belgian authorities take notice of the fact that, pursuant to the provisions of Article 21 (1) of the Second Directive, the right of the host country to require, for monetary policy purposes, statistical returns of all credit institutions having branches within its territory shall not be abridged.

## **7 - Provisions taken in the interest of the general good**

The conditions which the host supervisory authorities should indicate according to Article 19 (4) of the Second Directive, i.e. the conditions under which, in the interest of the general good, the branch must carry on its activities in the host country, would only have to comprise the provisions which directly affect the carrying out of activities listed in the annex to the Second Directive.

## **8 - Bank customer complaints**

If a complaint about a particular branch is lodged by a customer with either the home or the host-country authorities, the relevant authority will act according to its legal rules or customary practice. It will have the possibility of consulting the authorities of the other member state whenever an intricate case calls for the special expertise and knowledge of the latter.

The Italian and Belgian authorities only examine complaints to the extent that these complaints concern their supervisory duties, in particular the quality of management, the financial position of the credit institutions and the adequacy of their organization.

## **9 - Crisis; bankruptcy; winding-up**

The Italian and the Belgian authorities shall inform each other, without delay, if they learn of an incipient crisis affecting credit institutions with branches in the other member state.

The same applies if the crisis is limited to the branch of the credit institution of the other member state but could result in the whole institution becoming insolvent.

In both cases the host-country authority will collaborate with the home-country authority if the latter adopts supervisory measures. This is without prejudice to any measures which the host country may take in a crisis situation to institute proceedings for the reorganisation or winding-up of a branch in accordance with its national law.

# **IV. COOPERATION IN THE FIELD OF ON-SITE CONTROLS**

## **1 - Auditing and inspection in Italy and Belgium**

### **(i) Italy**

On-site inspections of credit institutions are carried out by the Inspectorate of the Banca d'Italia and may involve a general analysis of the undertaking or the investigation of specific sectors.

The main aims of an inspection are to verify the soundness of the bank and to check for compliance with supervisory rules and for the accuracy of the prudential and statistical reports to the supervisory authorities. To this end an assessment is made of the activity of the management, the consistency and implementation of strategic plans, the situation of the institution's assets, its market position and the effects on solvency, liquidity and profitability.

Inspection methods are set forth in a guide to which inspectors are obliged to conform, ensuring uniformity of inspection procedures and comparability of findings.

The findings are summarized in an inspectors' report ("Rapporto ispettivo") which comprises two parts: the "open part", addressed to the inspected institution, containing observations of conduct in violation of specific supervisory regulations or proper banking practices; and the "confidential report", which the supervisory authority does not disclose, giving a comprehensive view of the institution, its technical situation and the activities of its corporate organs.

The inspectors' report is reviewed by the Inspectorate for accuracy of content and uniformity of the standards applied.

The report must then be approved by the Governor of the Banca d'Italia and thus becomes official. The "open part" is delivered to the credit institution by the head of the inspection team at a joint session of the corporate organs.

#### **(ii) Belgium**

In Belgium, the on-site inspections on credit institutions are carried out by the statutory auditors and the inspectors of the Commission bancaire et financière.

The statutory auditor of the credit institution is in charge of the control of the financial positions, the annual accounts and the regularity of the operations with regard to the company law and the articles of association. However he has to collaborate in the supervision carried out by the Commission bancaire et financière. For that reason, the credit institutions can only appoint a statutory auditor who is an auditor agreed by the Commission bancaire et financière. Moreover, their appointment is subject to the prior approval of the Commission bancaire et financière. Their collaboration to banking supervision consists in their controlling the reliability of periodical accounting statements and the adequacy of the administrative and accounting organization and the internal control. Periodically (in principle every six months) they report to the Commission bancaire et financière and transmit a copy of their report to the managers of the credit institution. They collaborate on their own and exclusive responsibility - also concerning their working programme - and in accordance with the rules of the profession and the general instructions of the Commission bancaire et financière. Their collaboration can also take the form of a warning (special reports) when they are aware of decisions, facts or evolutions which can influence significantly the financial position of a credit institution, its administrative or accounting organization or its internal control or which can be a violation of the company law or of the law on the supervision of credit institutions and decrees and regulations taken for the execution of this law. The Commission bancaire et financière can ask them to submit special reports on the organization, the activities and the financial structure of the credit institutions.

As to the on-site supervision by the inspectors of the Commission bancaire et financière, the mission orders are in principle limited to one or more particular aspects of the activity or the organization. These inspections are carried out as part of a medium-term control plan of the credit institution or as a part of horizontal surveys (survey of an identical particular aspect in various institutions). The report of the inspectors of the Commission bancaire et financière is transmitted to the managers of the credit institutions who are invited to communicate the measures they intend to take in order to meet the remarks formulated in the report.

## **2 - Support of home-country inspectors by the host-country authorities**

In their capacity as home-country authorities, the Italian and the Belgian authorities will remain free to determine their own auditing standards and to appoint and send their own commissioned auditors or inspectors. Neither the host-country authority nor the credit institution involved may object to an inspection instituted by the home-country authority. Upon request the host-country authority shall give technical assistance to the inspector or commissioned auditor on conditions to be agreed.

The host-country authority will retain the power to inspect the branches of credit institutions of the other member state within the bounds of its competence.

Article 15 of the Second Directive requires the home-country authority to notify the host-country authority in advance of its intention to inspect a branch in the other member state. The notification shall comprise the following information:

- name of the inspector;
- name of the branch;
- objective of the inspection;
- when the inspection is expected to start;
- expected duration of the inspection.

The home-country authority shall advise the inspector to visit the host-country authority before the start of the inspection. The inspector may contact other supervisory bodies in the host country to obtain supervisory information on the branch. The inspector may be required to do so by the host-country authority.

The inspector shall inform the host-country authority when he has completed the inspection. He will communicate his main findings if requested.

The inspector shall submit his report to the home-country authority. When it is relevant for the host-country authority, particularly with regard to matters falling within its competence, the home-country authority will furnish the host-country authority with a copy of the report or a summary of the relevant findings. If a credit institution has been inspected together with its branches abroad, the host-country authority shall receive a summary of the findings relevant to the branch.

When necessary, meetings may be arranged in the course of an inspection at the request of the inspector or one of the authorities. Either authority may request a discussion of the findings.

## **V. COOPERATION AS REGARDS SUBSIDIARIES AND FREE PROVISION OF SERVICES**

### **1 - Subsidiaries; dual establishments (subsidiary and branch)**

Although this memorandum deals only with cooperation in the framework of the implementation of the Second Directive, the Italian and the Belgian authorities take this opportunity to affirm their determination to cooperate closely in the supervision of credit institutions on a consolidated basis.

Once the Directive 92/30/EEC of 6 April 1992 on the supervision of credit institutions on a consolidated basis has come into force, the Italian and the Belgian authorities will define the procedures for their cooperation in that field.

For the purposes of this memorandum, the Italian and Belgian authorities understand "subsidiary" to mean a credit or financial institution which is a subsidiary of a credit institution. The supervision of a subsidiary will remain the responsibility of the country where it is incorporated (country of incorporation). The authorities of the country of incorporation will be free to consult, whenever necessary, the supervisory authorities of the parent, which - within reason - shall provide the information requested to support the supervisory assessment of the situation of the subsidiary. In order to facilitate supervision on a consolidated basis, the authorities of the parent undertaking shall have the same consultation and information rights.

The right of the supervisory authorities of the parent undertaking to have the subsidiary examined for consolidation purposes shall remain unbridged. The Commission bancaire et financière will allow inspections of Belgian subsidiaries of credit institutions incorporated in Italy by representatives of the Banca d'Italia for consolidation purposes. In turn, the Banca d'Italia will allow inspections of Italian subsidiaries of credit institutions incorporated in Belgium by representatives of the Belgian authorities.

Dual establishments involving both a subsidiary and a branch will entail dual competence: the supervision of subsidiaries will remain the responsibility of the authorities of the country of incorporation whereas responsibility for branch supervision will be allocated as indicated in this memorandum.

The effectiveness of supervision may be reduced as both supervisors will only have a partial view of the business undertaken in the same market and activities may be shifted from one establishment to the other.

The Italian and the Belgian authorities accordingly stress the need for enhanced collaboration in order to avoid a prudential arbitrage in cases of dual establishment involving both a subsidiary and a branch of a given credit institution. They will, in particular, coordinate inspections of such subsidiaries and branches, and exchange their assessments of the findings of such inspections.

## **2 - Free provision of services**

### **(i) Credit institutions**

As for the exercise of the freedom to provide services, Article 20 of the Second Directive only requires the communication of the notification received by the home-country authorities from the credit institution to the host-country authorities.

The notification of such provision of services by Italian credit institutions shall be sent to the Banca d'Italia as their home-country authority. Belgian credit institutions shall notify the Commission bancaire et financière as their home-country authority.

The home-country authority will pass on the notification to the host-country authority, together with a certified translation into one of the official languages of the host country. Once the host

authority has received this notification the credit institution may start to provide services.

Responsibility for the supervision of credit institutions exercising the freedom to provide services will rest with the home-country authorities.

The host-country authority shall inform the home-country authority of any violation of the law in the host country by cross-border provision of services and related advertising if it judges such information may be important for the home-country authority. The latter will take the necessary steps to make the credit institution concerned comply with the law, and will report to the host-country authority.

If the host-country authority has reason to believe that a credit institution incorporated in the other member state is transacting business in its territory, which, albeit qualifying as provision of services within the meaning of the Second Directive, it had not been notified of, it shall advise the home-country authority. The latter will investigate, take the necessary steps to obtain compliance with the law, and inform the host-country authority of the result. Such investigation is without prejudice to any action which the host country may take under national law to ensure compliance with its regulations.

The two authorities will exchange, on a regular basis or whenever necessary, any useful information on the activities carried out in the exercise of the freedom to provide services.

#### **(ii) Financial institutions under Article 18 (2)**

Where the notification concerns a financial institution under Article 18 (2) of the Second Directive, it must be accompanied by a certificate issued by the home-country authority verifying and confirming compliance with the conditions listed in Article 18 (2).

In Belgium and in Italy, financial institutions which have obtained this certificate of compliance from the competent authorities of the home member state, verifying and confirming that they fulfil the conditions of Article 18 (2), may exercise the freedom to provide services in accordance with the notification procedure of Article 20.

### **VI. COOPERATION CONCERNING THE PROCEDURES PROVIDED FOR IN ARTICLES 7 AND 11, AND CONCERNING OWNER CONTROL**

(i) The Banca d'Italia and the Commission bancaire et financière will consult each other before granting authorization referred to in Article 7 or permitting any acquisition referred to in Article 11 (2) of the Second Directive as required by the Directive.

(ii) The Italian and the Belgian authorities will inform each other - when requested and within reason - of domestic enterprises which own one or more credit institutions incorporated in the other member state. The information shall include all relevant facts regarding the shareholding enterprise itself and the ownership structure as a whole.

## **VII. TECHNICAL ARRANGEMENTS**

### **1 - Exchange of lists**

The Italian and the Belgian authorities shall provide each other with organograms. They shall appoint at least one liaison officer, with whom keep in touch for every matter. They shall exchange lists of correspondents, in order to facilitate contacts. The lists will indicate the language skills, the postal addresses, relevant fax and phone numbers. They will be brought up-to-date regularly.

The Italian and the Belgian authorities shall also exchange on a regular base the following lists of:

- the credit institutions which they have authorized and which transact business within the territory of the other member state through subsidiaries or branches, or by provision of services pursuant to Article 20 of the Second Directive, specifying the individual subsidiaries and branches;
- the credit institutions which they have authorized and in which enterprises incorporated in the other member state have direct holdings of more than 10%;
- the branches in their respective countries of credit institutions authorized in the other member state; and
- the credit institutions which they have authorized and which have representative offices in the other member state.

The lists shall be updated for the annual meeting (see III. 2 above) at the latest.

The information on the following issues shall also be updated for the annual meeting at the latest:

- the principal institutions responsible for banking supervision (see I. 1 above);
- substantial changes in the domestic supervisory regulations and policies (see III. 2 above).

### **2. Exchange of staff**

The Belgian and the Italian authorities will promote their co-operation by visits for informational purposes and, to the extent possible, by exchanging staff for training or missions of variable length.

### **3. Exchange of information in preparation for the substitution of home for host supervision**

The Italian and the Belgian authorities will make the information they have collected as host supervisors in respect of branches of credit institutions incorporated in the other member state available to each other. They will grant each other free access to those records, and will provide each other copies of individual documents upon request.

**4. Revision clause**

The Italian and the Belgian authorities undertake to revise the present memorandum in the light of future developments in national and EC legislation, of experience gained in the supervision of EC credit institutions and of the progress made in order to make memoranda of understanding more homogeneous.

Done in duplicate in the English language in Rome on *October 14, 1993*  
and in Brussels on *October 16, 1993.*

For the Banca d'Italia

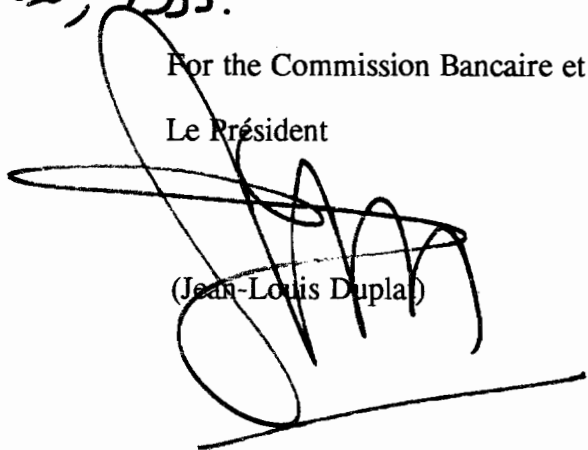
Il Vice Direttore Generale

*T. Padoa-Schioppa*

(Tommaso Padoa-Schioppa)

For the Commission Bancaire et Financière

Le Président

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.

(Jean-Louis Duplat)