BANCO DE **ESPAÑA**
Eurosistema

National Bank of Romania

COOPERATION AGREEMENT
BETWEEN
THE BANCO DE ESPAÑA
AND
THE NATIONAL BANK OF ROMANIA

June 2010

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I. - OBJECTIVES AND PRINCIPLES

1. The Banco de España (hereafter the BdE) and the National Bank of Romania (hereafter the NBR) have reached this cooperation agreement ("Agreement") in order to establish a general arrangement for the sharing of supervisory information and cooperation to facilitate the performance of their respective duties acting as prudential banking supervisors.

2. This Agreement operates along with other present and future arrangements of cooperation endorsed by the BdE and the NBR within the framework of the European Union, namely the 2003 and 2008 memoranda of understanding on cooperation on cross-border crisis management and financial stability, respectively, and those foreseen in the European Directives regarding the supervision of cross-border financial groups.

3. This Agreement complies with the principles of prudential supervision laid out by Directive 2006/48/EC of the European Parliament and of the Council, of 14 June 2006 (recast), in particular, with the responsibilities and powers assigned to the host and home supervisor therein. Furthermore, the BdE and the NBR subscribe to the Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision and to the criteria for international supervisory cooperation under the New Capital Framework (known as Basel II). Accordingly, they agree with the roles assigned therein to the home and host supervisor.

4. In particular, the BdE and the NBR agree to cooperate with each other on the basis of mutual trust and understanding in order to:

a) ensure that their respective ongoing supervision of banking organizations effectively covers cross-border banking establishments on a consolidated basis;

b) ensure that the operations of the cross-border establishments of banking organizations under their respective jurisdictions are conducted in a sound and prudent manner;

c) ensure that the head offices and parent banking organizations exercise effective control over the operations of their cross-border establishments;

d) ensure that parent banks have no impediments to access to all material information needed for risk management and oversight of the group as a whole, including its cross-border operations.

II.- DEFINITIONS

5. For the purposes of this Agreement the following definitions shall apply:

a) "Bank" or "banking organization": an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account. It also includes electronic money institutions.

b) "Cross-border establishment": branch or subsidiary of a banking organization located in a jurisdiction other than the head office's or parent bank's, respectively. It includes cross-border affiliates of a bank insofar as they are subject to the supervision of the BdE or the NBR in compliance with their respective national regulations.

c) "Cross-border subsidiary": a legally independent bank located in the territory of one of the countries, which is controlled by a (parent) bank in the respective other country, as defined in Art 1. and 2 of Directive 83/349/EEC.

d) "Cross-border branch": a legally dependent unit of a bank located in the territory of one of the countries, which is established and operates in the territory of the other.

e) "Home supervisor": banking supervisory authority where the banking group's parent institution is domiciled or where the bank's head office is incorporated (either the BdE or the NBR).

f) "Host supervisor": the banking supervisory authority where the cross-border establishment of a banking organization is located (either the BdE or the NBR).

g) The National Bank of Romania is the competent authority for the licensing and supervision of credit institutions in Romania, in accordance with the powers vested in it by Law 312/2004 and Government Ordinance 99/2006

on Credit Institutions and Capital Adequacy approved, supplemented and amended by the Law 227/2007, with further amendments.

h) Banco de España is the competent authority in Spain for the supervision of credit institutions in accordance with the provisions contained under Law 13/1994, of June 1, on the Autonomy of Banco de España and Law 26/1988, of July 29, on the Discipline and Intervention of Credit Institutions.

III.- SHARING OF INFORMATION

6. The BdE and the NBR recognize that close communications between home and host supervisors both during the authorization process of a cross-border subsidiary or acquisition of a qualifying holding in a bank, as well as in the ongoing supervision of the activities of cross-border establishments would be mutually advantageous and therefore agree that:

Authorization process:

a) The host supervisor shall notify the home supervisor of applications for approval to establish cross-border subsidiaries or to acquire a qualifying holding in a bank by banks incorporated in the latter's jurisdiction. The host supervisor shall consult the home supervisor (or seek a statement of "no-objection") before the due authorization is granted.

b) The home supervisor shall, upon request, inform the host supervisor whether the applicant is in compliance with banking laws and regulations and whether it may be expected, given its internal controls, to manage the cross-border establishment in an orderly manner.

c) The host supervisor shall, upon request, inform the home supervisor of the general financial condition and compliance with banking laws and regulations (in particular, those regarding internal controls) and with supervisory requirements of a prospective subsidiary or affiliate to be acquired within its jurisdiction.

The home and host supervisor shall exchange any information regarding the suitability of shareholders and the reputation and experience of directors and key persons which is of relevance for the granting of an authorization.

In order to assess the potential acquisitions, the BdE and the NBR shall provide each other any relevant information based on the host supervisor request and any essential information on the home supervisor own initiative.

Ongoing supervision:

d) The BdE and the NBR shall exchange on their own initiative and as soon as practicable all the information which, in their judgment, may be essential for the exercise of the other authority's banking supervisory tasks, acting as host or home supervisor in respect of cross-border establishments of banks in either jurisdiction. Such essential information encompasses the

following matters insofar as they may have material cross-border effects with a significant bearing on the other authority's supervisory tasks:

i. any event with a potential to endanger the financial stability of banks or cross-border establishments of banks in the jurisdiction of the other authority;

ii. whether local operations of banks or cross-border establishments of banks are conducted on a safe and sound manner;

iii. whether a bank or cross-border establishment of a bank is facing serious financial difficulties (i.e. failure to meet capital adequacy or other financial requirements, significant losses);

iv. evidence of a material violation of law, sanctions imposed or any formal enforcement action taken on a cross-border establishment as host supervisor or on a bank as home supervisor;

v. material developments or major changes of their respective regulatory systems or supervisory regimes;

e) The BdE and the NBR will cooperate closely and endeavor to act, where appropriate, as intermediaries before other competent authorities in their respective jurisdictions, when they identify suspected money laundering, terrorism financing, unauthorized banking business and other criminal financial activities concerning the banking organizations which carry out cross-border activities in the other jurisdiction, or which might affect the other jurisdiction to the extent allowed under their laws.

f) With regard to the supervision of cross-border establishments, the host supervisor informs the home supervisor of its specific interest and supervisory concerns. The home supervisor will discuss these concerns with the host supervisor for the purpose of finding the best solution. Each authority retains its own legal powers.

g) The BdE and the NBR will inform each other without delay if they learn of an incipient crisis relating to any bank supervised by either country which has cross-border establishments in the other country and which could affect their stability.

h) The BdE and the NBR shall exchange information and perform supervision of cross border branches -according to the appropriate provisions of articles 23, 24, 25 to 27, 28, 29 to 37, 40 to 43 of the Directive 2006/48/EC.

IV.- ON-SITE INSPECTIONS IN THE HOST JURISDICTION

7. According to Directive 2006/48/EC, the home supervisor is responsible for the prudential supervision of cross-border branches and may carry out on-site inspections thereof informing the host supervisor.

8. Inspections of cross-border subsidiaries in the host jurisdiction will be undertaken only on the basis of a previous mutual agreement between the home and host supervisor upon case by case within the framework of the Directive 2006/48/EC. At the discretion of the host supervisor and in accordance with the applicable laws in each jurisdiction, inspections of cross-border subsidiaries may be carried out independently by the home supervisor or jointly with the host supervisor.

9. The home supervisor will use its best efforts to ensure that requests for the on-site examination or/and participation in the examination of a cross-border subsidiary is conveyed to the host supervisor at least two months before the envisaged date of the visit, unless the urgency of the inspection allows only a shorter notice, specifically regarding the purpose of the examination or the participation in the examination, its expected duration, the institutions to be examined and data of the persons who shall take part in the examination.

10. The home supervisor shall provide in a timely manner the host supervisor with information on the results of the examination relevant to the operations of the cross-border establishment.

11. The BdE and the NBR shall cover their own costs with regard to cross-border examinations.

V.- REGULAR MEETINGS AND CONTACT LISTS

12. Representatives of the BdE and the NBR will hold regular meetings as often as appropriate to discuss general supervisory developments and issues concerning banks maintaining operations in both Spain and Romania. In addition, every effort will be made to encourage continuous and informal contacts between the staff of the BdE and the staff of the NBR.

13. The request for information will be made in writing and addressed to the contact persons of the requested supervisor as set out in Annex A. In urgent cases, requests may be transmitted orally provided that these requests are confirmed in writing as soon as possible. The requests should indicate the subject matter of the request and the specific information requested, the purpose for which the information sought and the urgency of the request, or the desire time period for the reply.

VI.- CONFIDENTIALITY

14. Taking into account that the BdE and the NBR are bound by the professional secrecy provisions included in Directive 2006/48/EC they agree that:

    a) all the information shared within the framework of this Agreement (including requests and consultations) shall be considered confidential, except for publicly available information. Therefore, the BdE and the NBR shall use such confidential information only for lawful supervisory purposes. The

information exchanges between the BdE and the NBR shall comply with national laws and regulations concerning bank secrecy.

b) the information provided pursuant to this Agreement shall remain the property of the supervisor providing such information. The BdE and the NBR shall not disclose confidential information to third parties without first requesting and obtaining prior consent of the supervisor which originated the information.

c) in the event that either the BdE or the NBR is legally compelled to disclose confidential information provided pursuant to this Agreement, it will, to the extent permitted by law, consult the supervisor originating the information before such forced onward sharing. If the informed supervisor does not consent to such disclosure the supervisor forced to disclose will cooperate in seeking to preserve the confidentiality of such information. It will also advise the requesting party of the possible negative consequences that such forced disclosure might have on the future exchange of confidential information between the BdE and the NBR.

VII.- FINAL PROVISIONS

15. The BdE and the NBR acknowledge that there are no legal obstacles for cross-border establishments by a bank incorporated in the other jurisdiction to disclose to such bank all the relevant information for the purpose of allowing the consolidated management of the banking group and the performance of the consolidated supervision by the home supervisor.

16. The BdE and the NBR understand that the provision of information under this Agreement may be denied on grounds of public interest or national security or when disclosure would interfere with an ongoing investigation.

17. Nothing in this Agreement shall affect the competence or supervisory authority of the BdE and the NBR under their respective laws. This Agreement is a statement of intend and does not, and is not intended to, create any legally binding obligations on either the BdE or the NBR or supersede any laws and regulations in force either in Spain or in Romania.

18. This Agreement will enter into force upon its signature by both parties and as of the date written below and continue indefinitely, subject to modification by the mutual consent of the BdE and the NBR or termination by either of them with 30 days advance notice to the other supervisor. After termination, the confidentiality provisions shall continue to apply to any information provided under this Agreement prior to termination. Notwithstanding the dissolution of the Agreement, those activities undertaken in the binding period of the Agreement shall be continued until their completion.

19. The BdE and the NBR intend to revise the present Agreement in the light of future developments at national and EU level and according to experience

gained in the supervision of their respective institutions. The Agreement shall be changed or amended only in writing with the signature of the Authorities.

20. This Agreement is provided in two originals, both in English.

Mr. Jerónimo Martínez Tello
Director General of Supervision

Banco de España

Mr. Nicolae Cinteză
Director of Supervision Department

National Bank of Romania

Dated
11.06.2010

Annex A

List of Contact Persons

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