



Memorandum of Understanding between

**Banco Central do Brasil**

and

**Banca d'Italia**

concerning their cooperation in the field of  
supervision and resolution of Supervised  
Entities



## Introduction

1. 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 Law) and Articles 9, 10 and 15 of Law 12,865, of 2013. The BCB is a special nature agency characterized by the absence of ties or hierarchical subordination to any Ministry, by its technical, operational, administrative, and financial autonomy provided by Complementary Law 179, of 2021. The BCB also acts as an executive arm of the National Monetary Council, which is the Brazilian government body responsible for the definition of the main policies and rules for the Brazilian financial system.
2. Banca d'Italia is the Italian central bank and is responsible for supervising banks and non-banking intermediaries (including investment firms, asset management companies and collective investment undertakings as regards risk containment, stability and the sound and prudent management)<sup>1</sup>. Since November 2014 its supervisory tasks have been carried out within the framework of the Single Supervisory Mechanism (SSM) as provided in the European Union (EU) SSM Regulation<sup>2</sup>. Banca d'Italia is also responsible for anti-money laundering/countering terrorism financing (AML/CFT) and consumer protection tasks. Banca d'Italia also has a macroprudential mandate. Banca d'Italia is in charge of resolution and crisis management for banks and non-bank intermediaries; since 2016 these tasks have been performed within the framework of the Single Resolution Mechanism (SRM) as provided in the EU SRM Regulation<sup>3</sup>. Banca d'Italia also acts as National Designated Authority in charge of supervision on Deposit Guarantee Schemes (DGSs) and since January 2024 is the Resolution Authority for central counterparties (CCPs)<sup>4</sup>.
3. Banco Central do Brasil (hereinafter the "BCB") and Banca d'Italia (hereinafter the "BdI"), hereunder referred to jointly as "the Authorities" express their willingness to cooperate on the basis of mutual trust and understanding and agree to base their cooperation in the field of supervision and resolution of Authorised Institutions on the principles and procedures outlined in this Memorandum of Understanding (MoU). Both Authorities recognize the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision (BCBS).
4. Cooperation and information exchange under this MoU do not extend to institutions and matters directly conferred to the European Central Bank (ECB) and the Single Resolution Board (SRB) pursuant to Council Regulation (EU) n. 1024/2013 and Regulation (EU) 806/2014 and is without prejudice to cooperation arrangements the ECB and/or the SRB entered (or will enter) with the BCB.
5. For the purposes of this MoU, the following definitions apply:

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<sup>1</sup> See Italian Consolidated Law on Banking (Legislative Decree no. 385 of 1 September 1993).

<sup>2</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions; Regulation (EU) No 468/2014 on establishing the framework for cooperation between the European Central Bank and national competent authorities within the single supervisory mechanism (SSM framework regulation).

<sup>3</sup> Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

<sup>4</sup> See Legislative Decree 224/2023, implementing Regulation (EU) 2021/23 on a framework for the recovery and resolution of central counterparties (CCP).



“Supervised Entities”: entities that fall within the supervisory remit and/or resolution remit of the Authorities, as identified by their respective legislation including Cross-Border Establishments<sup>5</sup>.

“Cross-Border Establishment(s)”: a branch, a subsidiary or any other entity of a Supervised Entity operating or localized within one jurisdiction over which the Authority in the other jurisdiction exercises its responsibilities.

“Home Authority”: the Authority, in Italy or in Brazil, responsible for the supervision and/or resolution on a consolidated basis of a Supervised Entity.

“Host Authority”: the Authority, in Italy or in Brazil, responsible for the supervision and/or resolution of a Cross-Border Establishment.

“Emergency Situation”: the occurrence or potential imminent occurrence of an event that could materially impair the financial or operational condition of a Supervised Entity, depositors, investors or the stability of the financial system or the operations of the markets.

“Confidential Information”: any non-public information, be it written or spoken, and regardless of its format (electronic, paper, etc.), that the Authorities receive from each other within the scope of this MoU.

“On-Site Inspection(s)”: any inspection by one of the Authorities at a Supervised Entity’s premises located in the other Authority’s jurisdiction for the purpose of their tasks, which may include where applicable consolidated Supervision, related to an inspected Supervised Entity’s activity in the responsibility of the inspecting Authority. This may include inspections of supervised activities outsourced or delegated to a supervised Delegate in the other Authority’s jurisdiction.

“Cyber Security Information”:

- a) information related to cyber-attacks and significant cyber threats reported, under regulatory frameworks for reporting incidents related to Information and Communication Technology (ICT), by Supervised Entities in respective jurisdictions that could be relevant for the other jurisdiction;
- b) information about cyber security and cyber resilience in the financial sector (including regulatory responses, actions and measures, cyber risk trends) that come to the attention of the Authorities; and
- c) the results of supervisory actions taken to evaluate the information security controls of Supervised Entities.

“Operational Resilience”: the ability of a Supervised Entity to build and maintain its operational integrity and the full range of operational capabilities, related to any digital and data

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<sup>5</sup> For BCB the term may refer to an institution authorized and/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. For Bdl the term may refer, among others, to banks and investment firms not falling under the direct responsibility of the ECB and/or the SRB pursuant to the SSM Regulation and the SRB Regulation; asset management companies and collective investment undertakings; payment institutions and electronic money institutions. With regard to investment services and asset management business the Italian Consolidated Law on finance establishes that supervisory responsibilities are exercised by Bdl and the Consob (the Italian Companies and Stock Exchange Commission) according to their purposes. Bdl is responsible for matters related to intermediaries’ stability and risk containment, the Consob is responsible for matters related to transparency and market conduct.



technology-dependant component, tool, process that the Supervised Entity uses to conduct and support its business. It encompasses ICT, outsourcing and security risks management.

“Crisis management”: includes implementation of resolution powers and liquidation proceedings.

“Resolution”: resolution planning activity and implementation of resolution powers.

“Delegate”: any person to whom a Supervised Entity delegates or outsources any of their functions.

## Scope

6. The purpose of this MoU is to formalize cooperation and information sharing mechanisms between the Authorities, promoting the integrity, stability and efficiency of the Supervised Entities.
7. The Authorities intend to cooperate in the supervision, also for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) purposes, and crisis management of Cross-Border Establishments, according to their respective powers. The Authorities also intend to cooperate, within the limits of their powers, in exchanging information regarding digital operational resilience, third-party ICT service providers and cyber security, in order to maintain awareness of cyber threats so as to provide timely guidance to financial institutions to protect financial systems against incidents of the kind.
8. The scope of cooperation encompasses the licensing (both issuance and revocation); the ongoing supervision, the resolution planning and the implementation of crisis management measures, resolution tools and liquidation proceedings of Cross-Border Establishments; as well as the sharing of information regarding operational risks and non-ICT third-party service providers, where available. The Authorities will inform each other on Cross-Border Establishments operating in their respective jurisdictions, upon specific request, to the extent allowed under the law and on any other relevant information that might be required to assist with the process.
9. Upon receipt of a written request by the Home Authority for information regarding a Cross-Border Establishment, the Host Authority shall endeavour to provide to the Home Authority the information requested, including, in cases where the information is contained in an examination or other reports, making available relevant excerpts of the report itself where appropriate. Unless otherwise notified, requests for information will be made between the contact points set out in Annex A of the MoU. 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.
10. This MoU represents a statement of intent between the Authorities and it does not constitute a legally binding and/or legally enforceable agreement. In particular, it does not:
  - a) create any rights or obligations for any of the Authorities or third parties;
  - b) modify or supersede any laws, regulations and requirements in force or applying to the Authorities;
  - c) represent an international agreement nor derogate any provisions of national, international or supranational legislation in force in Brazil or in Italy.



- d) represent a waiver to the immunity or the submission to the jurisdiction of any court. Neither Authorities nor any third party can bear or seek any liability regarding the performance of this MoU.

#### **Licensing<sup>6</sup>**

11. The Host Authority shall endeavour to notify the Home Authority of applications for approval to establish a Cross-Border Establishment, according to the national legislation, as well as with regard to applications for making an acquisition or for change of ownership control in the host jurisdiction.
12. In the process of establishing Cross-Border Establishment within the territory of the other Authority, and upon request, the Home Authority shall inform on the solvency ratio and the historic track-records of the parent Supervised Entity, as well as details of the deposit guarantee schemes in the home-country. In addition, the Home Authority shall inform the Host Authority whether the applicant Supervised Entity is in substantial compliance with the domestic regulations, as well as whether it is expected from the Supervised Entity, based on its administrative structure and internal controls, to run the Cross-Border Establishment in an orderly and proper manner. Upon request, the Home Authority shall also assist the Host Authority by verifying or supplementing any information submitted by the applicant Supervised Entity and it will endeavour to inform whether the establishing of the Cross-Border Establishment also depends on its authorization and the decision taken by the Home Authority, if that was the case.
13. The Home Authority shall inform the Host Authority about the nature of its regulatory system and the framework of consolidated supervision applicable to the applicant Supervised Entity. Similarly, the Host Authority shall inform to the Home Authority the nature of its regulatory system and the framework of consolidated supervision applicable to the Cross-Border Establishment.
14. The Home Authority upon request of the Host Authority shall endeavor to provide any piece of available information that may be useful in assessing the fitness and properness of prospective managers, shareholders, controllers and/or ultimate beneficiaries of the property of a Cross-Border Establishment.

#### **Cooperation concerning ownership control<sup>7</sup>**

15. The Authorities shall endeavour to consult before granting authorisation to a Cross-Border Establishment in the other country or when assessing any acquisition of a controlling interest, as defined by their respective national laws, in an institution under its supervision by a Supervised Entity within the jurisdiction of the other Authority.

#### **Ongoing supervision; corrective actions**

16. 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 Supervised Entities having Cross-Border Establishments in the respective other country. The Authorities shall also endeavour to notify each other on administrative penalties which they have imposed or any other action which they have taken on a Cross-Border Establishment, as Host Authority, or on the Supervised Entity, as Home Authority.

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<sup>6</sup> The provisions in paragraphs 11-15 are without prejudice to the tasks attributed to the ECB by the SSM Regulation as regards licensing and acquisitions.

<sup>7</sup> See footnote 6.



17. The Authorities shall discuss any significant information on Supervised Entities 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, material risk assessments).
  - b) Concerns relating the system of internal controls and corporate governance.
  - c) *Concerns arising from supervisory visits and On-Site Inspection*, prudential interviews or reports, and communications with an institution or other regulatory body.
  - d) Information on Recovery Plans prepared by Supervised Entities.
  - e) Opinion of the Authorities on the adequacy of business continuity plans prepared by Supervised Entities/Cross-Border Establishment, including the analysis of scenarios related to disruptions caused by cyber incidents.
  - f) 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, if available, and on the assessment of the controls developed by the Supervised Entity/Cross-Border Establishment to manage such providers.
  - g) Regulatory developments related to data protection issues.
18. The Authorities may require clarifications from the other party any time, as well as the carrying out of meetings deemed necessary.
19. For any institution located in Italy and in Brazil respectively, which are licensed in a third country and which apply for a license with the other Authority, the Authorities will, as far as they are able, discuss any significant information available to them, which might be relevant to the other Authority.

#### **Emergency situations**

20. The Authorities will endeavour to timely inform each other if they are aware of an incipient crisis relating to any Supervised Entity that has Cross-Border Establishments in the other country.
21. The Authorities will endeavour to cooperate in order to facilitate measures for the management of 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) occurred in the financial sector.

#### **On-Site Inspections**

22. The Authorities agree that cooperation is particularly useful in assisting each other in carrying out On-Site Inspections of Cross-Border Establishments.
23. The BCB is allowed to carry out Inspections in Cross-Border Establishments in Italy of Brazilian Supervised Entities. Banca d'Italia is allowed to carry out Inspections in Cross-Border Establishments in Brazil of Italian Supervised Entities.
24. The Authorities shall notify each other at least 30 (thirty) days in advance of any Inspection, giving details such as the names of the examiners, the purpose of the Inspection and its expected duration. The purposes and the extent of these Inspections, as well as the way in



which they will be carried out, shall be commonly defined and agreed by both Authorities, under prior written acceptance of the Host Authority and without prejudice for the Home Authority to conduct examinations of Cross-Border Establishments. The Authorities will allow each other to accompany any such On-Site Inspection carried out by the Authorities themselves, in the terms of this MoU and to the extent permitted by the law. The Authorities will keep each other informed on the results of the Inspections, to the extent reasonable and in a timely manner.

25. If the Supervised Entity has been audited along with its Cross-Border Establishment in the other country, the Home Authority shall provide the Host Authority with a summary report on the findings, which bear relevance to the Cross-Border Establishment.

#### **Cooperation in the field of exchanging information about operational resilience and cyber security**

26. Within the limits of their respective remit as specified in their applicable legal framework, the Authorities intend to cooperate, upon request and based on the general provisions for information sharing as set out in this MoU, in the field of exchanging information about Operational Resilience and Cyber Security Information of Supervised Entities, in compliance with national legislation. To this end, the Authorities will exchange, at their own initiative or upon request, information that may be relevant to their activities in order to implement their tasks under the applicable legal framework.

#### **Cooperation in the field of Anti-Money Laundering and Countering the Financing of Terrorism, as well as of countering the proliferation and financing of weapons of mass destruction**

27. The Authorities agree to cooperate in the area of AML/CFT, as well as of countering the proliferation and financing of weapons of mass destruction. To that end, the Authorities will exchange, at their own initiative or upon request, information that may be relevant to their supervisory activities.

#### **Cooperation in the field of outsourcing**

28. Where a Supervised Entity outsources or Delegates any of its functions (in particular, but not limited to, critical or important operational functions, as portfolio management and/or risk management) to a third-party servicer provider located in the other Authority's jurisdiction, the Home Authority may request cooperation in accordance with this MoU, from the Authority in which the third-party servicer provider or Delegate is established. Such cooperation should allow the Home Authority to undertake its supervisory tasks, receive information on the supervisory regime of the requested Authority and ensure all entities are effectively supervised.
29. The Authorities acknowledge that outsourcing and delegation of functions by Supervised Entities with cross-border operations should not result in those entities becoming letterbox entities nor in creating obstacles to the effective and efficient supervision and enforcement and should not affect the ability of the Authorities to provide assistance in accordance with this MoU.

#### **Resolution Planning and Resolvability Assessments**

30. The Authorities agree to exchange the information necessary to prepare and update resolution plans, including the determination of any applicable loss-absorbing requirement of Supervised Entities active in Italy and Brazil.
31. The Authorities also agree to exchange information that is necessary for the development of resolvability assessments of Supervised Entities. In addition, the Authorities may share the



assessments and inform each other about any significant measures they have require from Supervised Entities to improve their resolvability.

32. The Authorities, whenever possible, will endeavour to coordinate their resolution strategies. If feasible and in cases deemed relevant, they shall promote coordination meetings for this purpose.

#### **Implementation of Crisis Management Measures**

33. The Authorities undertake to, whenever possible, inform each other before implementing any crisis management measure, resolution tool and liquidation proceedings regarding a Supervised Entity active in both countries. In case it is not possible to inform the other Authority before the implementation of the measures, the Authority shall inform the other Authority as soon as possible after the implementation.
34. The Authorities will endeavour to cooperate in order to facilitate measures for the implementation of crisis management measures.

#### **Confidentiality of information, disclosure and onward sharing**

35. Any Confidential Information received from the other Authority (e.g. information obtained through an On-Site Inspection) will be used only for supervisory activities and for the planning and implementation of crisis management measures. To the extent permitted by law, each Authority will treat as Confidential all Information not available to the public received from the other Authority pursuant to this MoU and will not disclose to third parties (except as set out below) such information other than as necessary to carry out its lawful supervisory and resolution responsibilities. The Authorities will ensure that all persons dealing with, or having access to, Confidential Information provided by the other Authority (including members of the Authority, employees, and any external providers having access to confidential information) are bound by the obligations of professional secrecy in compliance with the applicable legal frameworks, including after the termination of their duties. In providing the Confidential information by electronic format or transferring the electronic documents through the Internet, the Authorities should ensure an adequate level of data security. The Authorities should have appropriate arrangements in place to store, transfer and control the scope of Confidential Information internally.
36. The Authorities acknowledge that the transfer of personal data under the terms of this MoU will take place in accordance with the relevant data protection legislation applicable to the respective Authorities. Requested information will usually not include personal data unless this is of particular relevance to the supervisory concern prompting the request. If this is the case, such personal data will be collected and, to the extent permitted by law, will be provided by the disclosing Authority(ies) itself.
37. Except as provided in paragraph 38, before an Authority discloses any Confidential Information received from another Authority (e.g. information obtained through an On-Site Inspection) to a third party, the Authority shall request and obtain prior written consent from the originating Authority, which may attach conditions to the release of information, including whether the intended additional recipient is, or can be, bound to hold the information confidential.
38. In the event that the receiving Authority is legally compelled to disclose to a third party Confidential Information received under this MoU, the receiving Authority will, to the extent permitted by law, inform the originating Authority, indicating what information it is compelled to disclose and the circumstances related to the disclosure. If so, required by the originating Authority, the receiving Authority will assert all appropriate legal exemptions or privileges 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.

39. The BCB acknowledges that the Bdl may forward Confidential Information originated from the BCB, or from Italian Cross-Border Establishments of Brazilian Supervised Entities, to sharing authorities pursuant to the applicable legal framework<sup>8</sup>. In this case, the Bdl will inform the BCB of the onward disclosure of Confidential Information, whenever practicable in advance to onward disclosure.
40. The Authorities will endeavour to facilitate, whenever necessary, the exchange of information between the requesting foreign Authority and other supervisory authorities in their respective jurisdiction.

#### **Ongoing coordination - Termination - Succession**

41. The Authorities will inform each other upon request on any aspect of their regulatory systems and notify 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.
42. The Authorities shall deploy their best efforts in the performance of this MoU. However, neither party shall bear any liability regarding their eventual failure to comply with it. Any disagreement arising from interpretation of this MoU shall be amicably settled by means of consultations between the parties. Both Authorities shall endeavour to create proper opportunities for such consultations.
43. 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 Parties for each particular case.
44. In requesting information from its counterparty, each Authority must specify, in a brief description, the essential facts that justify the request for information.
45. This MoU will continue indefinitely, subject to modification by mutual consent of the Authorities or termination by either Authority with 30 days prior written notice to the other Authority. Any Authority terminating its participation in the MoU will endeavour to take all reasonable steps to continue any prior projects or activities already in progress.
46. In the event of termination of this MoU, the information obtained hereunder will continue to be treated in accordance with the confidentiality regime as stated under the MoU.
47. Where the relevant functions of an Authority are transferred or assigned to another authority or authorities, the terms of this MoU shall apply to the successor authority or authorities performing those relevant functions without the need for any further amendment to this MoU or for the successor to become a signatory to the MoU. This shall not affect the right of the successor authority and its counterparty to terminate the MoU as provided in paragraph 45 if it wishes to do so.

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<sup>8</sup> In Italy, the onward sharing authorities can be: the competent authorities as referred to in Article 4 (2) of Regulation 1093/2010; the authorities designated in accordance with Title VII, Chapter 4 of Directive 2013/36/EU; the EBA, the ESMA, the EIOPA; the 'CONSOB' (Commissione Nazionale per le Società e la Borsa); the 'IVASS' (Istituto per la Vigilanza sulle Assicurazioni); the Italian Institute for the Supervision of Pension Funds 'COVIP' (Commissione Vigilanza sui Fondi Pensione).



48. The Authorities may revise the present MoU in the light of future developments in Brazilian and Italian/European legislation and on the basis of the experience gained in the supervision of respective institutions.
49. The Authorities may publish or disclose this MoU, partially or in its entirety, except the list of contacts set out in Annex A, in accordance with their respective national laws, subject to the previous written consent of the counterparty.
50. This MoU has been prepared in two original copies in English.
51. This MoU will take effect when signed by both the Authorities, date on which it will replace, in all its effects, the Memorandum signed by the Authorities on March 12<sup>th</sup>, 2012.

In Brasília on Aug 22, 2024

In Rome on 6/9/24

For Banco Central do Brasil

For Banca d'Italia

Ailton de Aquino Santos

Deputy Governor

Alessandra Perrazzelli

Deputy Governor