KNF | KOMISJA NADZORU FINANSOWEGO

BANCO CENTRAL DO BRASIL

Memorandum of Understanding between the

Polish Financial Supervision Authority

and the

Banco Central do Brasil

concerning their cooperation in the field of Supervision of Authorised Financial Institutions

Introduction

1. Polish Financial Supervision Authority (KNF) and the Banco Central do Brasil (BCB), hereinafter referred to jointly as "the Authorities" express their willingness to co-operate on the basis of mutual trust and understanding and agree to base their co-operation in the field of supervision of Authorised Institutions on the principles and procedures outlined in this Memorandum of Understanding (MoU). Both Authorities recognize the Basic Principles for Effective Supervision issued by the Basel Committee on Banking Supervision (BCBS).

2. Polish Financial Supervision Authority (KNF) is the competent Authority for the supervision of the financial market in the Republic of Poland constituted and performing its tasks within the legal framework, in particular pursuant to the Act of 21 July 2006 on Financial Market Supervision.

3. Banco Central do Brasil is entrusted with the regulation and supervision of financial entities and payment institutions in Brazil pursuant to Articles 9 and 10, IX, of Law 4,595, of 1964 (the Banking Law), and Articles 9, 10 and 15 of Law 12,865, of 2013. The BCB is a federal agency with its own separate legal identity, acting as an executive arm of the National Monetary Council, which is the body responsible for the definition of the main policies and rules for the Brazilian financial system.

4. For the purposes of this MoU, the following definitions apply:

   "Authorised Institution": In Poland, an institution within the meaning of the Polish banking law, incorporated in the Republic of Poland and being subject to the supervision of KNF, and in Brazil, an institution authorized 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.

   "Cross-Border Establishment": A branch, a subsidiary or a representative office of an Authorised Institution incorporated within the jurisdiction of one of the Authorities and operating in the jurisdiction of the other Authority.

"Home Authority": the Authority in Poland or in Brazil, responsible for the supervision on a consolidated basis of an Authorised Institution.

"Host Authority": the Authority in Poland or in Brazil, responsible for the supervision of a Cross-Border Establishment of an Authorised Institution incorporated within the jurisdiction of the other Authority.

"On-Site Inspection": the official visits carried out on-site at a Cross-Border Establishment by the Home Authority, through duly authorised officers.

Scope

5. The purpose of this MoU is to formalise cooperation and information sharing mechanisms between the Authorities, promoting the integrity, stability and efficiency of the Authorised Institutions.

6. The Authorities intend to cooperate in the supervision of Cross-Border Establishments of Authorised Institutions incorporated in the respective other country and within their respective jurisdiction.

7. The scope of cooperation encompasses the licensing (both issuance and revocation) and the ongoing supervision of the Cross-Border Establishments. The Authorities will advise each other on Cross-Border Establishments in the other country, upon specific request, to the extent allowed under the law and on any other relevant information that might be required to assist with the supervisory process, when the Authorities guarantee the information security protection.

8. Upon receipt of a written request by the Home Authority for information regarding the Cross-Border Establishment, the Host Authority shall endeavour to provide to the Home Authority the information requested for the purpose of Authorised Institutions' supervision, executed by that Home Authority. Including, in cases where the information is contained in an examination or other reports, where appropriate. Such information must not contain individualized information on the liability side of the balance sheet, unless it is of particular relevance to the Home Authority, according to the provisions of paragraph 23. 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.

Licensing

9. The Host Authority shall notify the Home Authority of applications for approval to establish a Cross-Border Establishment, according to the national legislation, or make acquisitions in the host jurisdiction, as well as of changes in ownership control.

10. In the process of establishing a Cross-Border Establishment of an Authorised Institution within the territory of the other Authority, and upon request, the Home Authority shall inform the solvency ratio and the historic track-records of the parent Authorised Institution, 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 Authorised Institution is in compliance with the domestic banking regulations, as well as whether it is expected from the Authorised Institution, 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 Authorised Institution.

11. 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 Authorised Institution. Similarly, the Host Authority shall inform the Home Authority about the nature of its regulatory system and the framework of consolidated supervision applicable to the Cross-Border Establishment.

12. The Home Authority, upon request of the Host Authority and to the extent permitted by the Home Authority's national laws, shall provide any piece of information available in its systems and files that may be useful in assessing the fitness and properness of prospective

directors, managers, shareholders, controllers and/or ultimate beneficiaries of the property of a Cross-Border Establishment.

Co-operation concerning ownership control

13. The Authorities shall endeavour to consult each other before granting authorisation to a Cross-Border Establishment in the other country or when assessing any acquisition of a significant participating interest, as defined by their respective national laws, in a supervised institution by an Authorised Institution within the jurisdiction of the other Authority.

Ongoing supervision; corrective actions

14. 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 Authorised Institutions having Cross-Border Establishments in the 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 Authorised Institution, as Home Authority.

15. The Authorities shall discuss any significant information on Authorised Institutions 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).

    b) Concerns related to 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) Opinion of the Authorities on the adequacy of business continuity plans defined by Authorised Institutions/Cross-Border Establishment.

e) 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 Authorised Institution/Cross-Border Establishment to manage such providers.

f) Regulatory developments related to data protection issues.

16. The Authorities may request clarifications from the other party any time, as well as the carrying out of the meetings deemed necessary.

17. For any institution located in Poland and in Brazil respectively, licensed in a third country and applying 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.

Crisis situations

18. The Authorities will timely inform each other if they learn of an incipient crisis relating to any Authorised Institution that has Cross-Border Establishments in the other country.

19. The Authorities will endeavour to cooperate in order to facilitate measures for the management of crisis/emergency situations that may impact Cross-Border Establishments, which may also encompass crises arising from disruptions of relevant financial services (including services provided by third-party technology service providers) occurred in the financial sector.

On-Site Inspections

20. The Authorities agree that co-operation is particularly useful in assisting each other in carrying out On-Site Inspections of Cross-Border Establishments. The Home Authority has

the right to carry out On-site Inspections at Cross-Border Establishments situated in the Host Authority's jurisdiction.

21. The Authorities shall inform in advance, within a reasonable timeframe, the other country's Authority on the planned On-Site Inspection in a Cross-Border Establishment by indicating objective of the Inspection, the names of the inspectors, the expected date of commencement and duration of the inspection. The Authorities will allow each other to accompany any such On-Site Inspection, in line with the terms of this MoU and to the extent permitted by the law of the Authorities.

22. The Authority performing On-site Inspection intends to share any findings with the non-participating Authority within a reasonable timeframe.

23. In case any information relating to an individual client on the liabilities of the Cross-Border Establishment's balance sheet is of particular relevance for consolidated supervision, the Home Authority may request the assistance of the Host Authority, which will endeavour to provide the information to the extent permitted by national legislation.

Co-operation in the field of anti-money laundering and counter terrorist financing

24. The Authorities agree to co-operate in the area of Anti-Money Laundering and Counter Terrorist Financing. To that end, the Authorities will exchange, at their own initiative or upon request, information that may be relevant to their supervisory activities.

Confidentiality of information

25. Any confidential information received from the other Authority, or obtained through an On-Site Inspection, will be classified as confidential and used only for lawful supervisory purposes. To the extent permitted by law, each Authority will hold confidential all non-public information received from the other Authority pursuant to this agreement and will not disclose such information other than as necessary to carry out its lawful supervisory responsibilities.

26. Except as provided in paragraph 27, before an Authority discloses any confidential information received from another Authority, or obtained through an On-Site Inspection, to a third party, the Authority will request and obtain prior 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. The information obtained from the Authority and subject to the obligation of professional secrecy may be disclosed solely upon the approval of that Authority and may be used only for purposes specified in such an approval.

27. In the event that an Authority is legally compelled to disclose to a third party, including a third party supervisory authority, information provided by the counterparty, or obtained through an On-Site Inspection, under this MoU, the receiving Authority should promptly notify the other Authority, indicating what information it is compelled to release and the circumstances surrounding its release. If so required by the other Authority, the receiving Authority will 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.

Ongoing coordination

28. In order to enhance the quality of co-operation, representatives of the Authorities may convene to discuss issues concerning Authorised Institutions which maintain Cross-Border Establishments within their respective jurisdiction. In these meetings they will also review the effectiveness of these arrangements. The Authorities intend to promote their co-operation by visits for informational purposes.

29. The Authorities may advise 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.

30. This MoU is not considered an international agreement within the meaning of Brazilian or Polish legislation and it does not establish legally binding obligations nor does it derogate any provision of national, international or supranational legislation in force in Brazil or in Poland.

31. 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. 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.

32. 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 Authorities for each particular case.

33. This MoU shall enter into force on the date of the last signature, and shall remain in existence until either Authority notifies the other in writing of its wish to revise, amend or withdraw from it. One month's notice of any such action will be given.

34. Co-operation and assistance in accordance with this MoU will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue co-operation and assistance. If either Authority gives such a notice, co-operation and assistance in accordance with this MoU will continue with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority withdraws the matter for which assistance was requested. In the event of termination of this MoU, information obtained under this MoU will continue to be treated confidentially.

35. The Authorities may revise the present MoU in the light of future developments in Brazilian and Polish legislation and of experience gained in the supervision of respective institutions.

36. The Authorities may publish or disclose this MoU in its entirety, in accordance with their respective national laws.

37. This agreement is written in the English language in two copies.

In Brasília on 28/oct/2020

For Banco Central do Brasil

Paulo Sérgio Neves de Souza

Deputy Governor

In Warsaw on 7/01/2021

For Polish Financial Supervision Authority

Jacek Jastrzębski

Chairman