

31 January 2018

Memorandum of Understanding on Cooperation and Coordination on cross-border financial stability between relevant Ministries, Central Banks, Financial Supervisory Authorities and Resolution Authorities of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden

INTRODUCTION

1. This Memorandum of Understanding on Cooperation and Coordination on cross-border financial stability between relevant Ministries, Central Banks, Financial Supervisory Authorities and Resolution Authorities of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden (the “**Memorandum**”) is based on the following considerations:
 - a. The Parties recognize that an international setting that brings together the relevant Ministries, Central Banks, Financial Supervisory Authorities, and Resolution Authorities of the Nordic-Baltic region is of great value in order to promote financial stability in the region and that the Parties will benefit from enhanced cooperation and coordination as outlined in this Memorandum.
 - b. The relevant Ministries, Central Banks, Financial Supervisory Authorities, and Resolution Authorities of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden recognize that they have common financial stability interests stemming from potential systemic inter-linkages between their respective countries, justifying enhanced cooperation and coordination in maintaining financial stability.
 - c. Based on these considerations, the parties will continue the cooperation and replace the existing Cooperation agreement of the Nordic-Baltic Stability Group (NBSG). This Memorandum replaces the Cooperation agreement on cross-border financial stability, crisis management and resolution between relevant Ministries, Central Banks, Financial Supervisory Authorities, and Resolution Authorities of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden as of 17 August 2010.

DEFINITIONS

2. For the purpose of this Memorandum, the following definitions are used:
 - a. **The Signatory Countries** are Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.
 - b. The **Parties** to this Memorandum are those relevant Ministries, Central Banks, Financial Supervisory Authorities, and Resolution Authorities of the Signatory Countries that, on the basis of their national competencies, will sign this Memorandum.
 - c. **Contact persons** are the persons appointed by each of the Parties to coordinate the workflow of the NBSG, e.g. assist in the preparing of the NBSG’s meetings.

OBJECTIVE AND NATURE OF THE MEMORANDUM

3. The objective of this Memorandum is to facilitate cooperation and coordination between the Parties in order to promote financial stability in the region, with a focus on the functioning of the financial system and on counteracting the rise and potential spread or escalation of a financial crisis. Financial stability problems of a purely domestic nature are not covered by this Memorandum.
4. While recognizing that the responsibility for financial stability remains with the Signatory Countries, the Parties have signed this Memorandum in recognition of their common interest as regards financial stability stemming from potential system inter-linkages between their respective countries. The Parties therefore commit to make the best efforts to follow the spirit of this Memorandum when cooperating and exchanging information in promoting financial stability. The aim is to reduce the risk of disruption of the functioning of the financial markets and to promote financial stability in the region.
5. This Memorandum is not legally binding. Therefore its provisions do not give rise to any rights, obligations or legal claim against any of the Signatory Countries or Parties or any third parties.
6. This Memorandum does not affect any provisions under other multilateral or bilateral agreements applicable to the Parties.
7. The provisions of this Memorandum do not prejudice or assume that any particular decisions or remedies should or should not be taken.
8. Cooperation and coordination in reference to this Memorandum will be without prejudice to the authorities and responsibilities of the Parties under national, European Union or European Economic Area (EU/EEA) regulation. This Memorandum does not override the respective institutional responsibilities of the Parties or restrict their capacity for independent and timely decision-making in their respective fields of competence, notably with regard to the conduct of day-to-day ministry, central banking, supervisory tasks and tasks related to resolution.
9. The Parties are committed to inform and consult each other before issuing any public statements related to the cooperation under this Memorandum.

STRUCTURE OF THE NBSG

10. The NBSG will be composed of representatives of sufficient seniority from each of the functions the Parties represent. The functions and tasks of the NBSG complement those of other cooperative structures, especially the Nordic Baltic Macroprudential Forum (NBMF).
11. The NBSG will meet regularly, at least once a year (Annual Meeting). Regular meeting dates will be decided well in advance, e.g. at the previous regular NBSG-meeting. Under extraordinary circumstances additional meetings may be requested collectively by all Parties of the same Signatory Country, giving a specific reason.
12. The NBSG may invite relevant authorities, such as the European Central Bank (ECB), the European Systemic Risk Board (ESRB), the European Banking Authority (EBA), European Securities and Markets Authority (ESMA), European Insurance and Occupational Pensions Authority (EIOPA) and the Single Resolution Board (SRB), committed to the principles of confidentiality of this Memorandum, as observers, to discuss issues of common interest.
13. The Chairmanship of the NBSG will be selected from among the Signatory Countries, for a period of one year. The Parties of the Signatory Country appointed for the Chairmanship decide which one of them who will take the operational responsibility of the Chairmanship.

14. The Chairmanship will be decided at least two years in advance, at the time of the Annual Meeting. The current Chairmanship will nominate the coming Chairmanship to be appointed, by consensus of the NBSG. The Chairmanship will not be decided based on a predetermined list, and national preconditions will be taken into account (e.g. Presidency of the Council of the European Union). Over time, the Chairmanship will be distributed equally among the Signatory Countries.
15. The Chairmanship will organize the practical procedures for the work of the NBSG including preparing agendas and arranging the Annual Meeting. The agenda will take into account the tasks of the NBSG. The Chairmanship is responsible for the working groups, together with the working group Chair. When rotating to a new Chairmanship, the previous Chairmanship will exchange information and experience with the new Chairmanship. The Chairmanship is responsible for preparing draft updates of the Memorandum of Understanding, if and when there is a need to review. Changes to the Memorandum of Understanding will be decided by the Parties by mutual consent. The Parties shall regularly determine whether the Memorandum needs to be reviewed.
16. Each of the Parties will appoint a Contact Person.
17. The NBSG may establish working groups to deal with specific financial stability issues. The NBSG decides the Signatory Country to lead the working group, and the Signatory Country will choose the authority to chair the working group. The working group Chair will continue to chair the working group as the NBSG chairmanship changes. The working groups will report to the NBSG. The NBSG may invite representatives from third countries, or European authorities, committed to the principles of confidentiality of this Memorandum, to participate in a working group on a regular or ad hoc basis and to attend the NBSG meeting when the work is reported.

TASK OF THE NBSG

18. The main task of the NBSG is to implement and efficiently apply the objectives of this Memorandum, with the aim of fostering an efficient process for cooperation and coordination. More specifically the NBSG will:
 - a. discuss and exchange information on a regular basis with a view to find mutual understanding on important issues and lessons learnt relating to financial stability concerns of the region;
 - b. exchange information in case of market turbulence affecting cross border financial stability in the region and, if deemed appropriate, help coordinate public statements relating to such circumstances;
 - c. maintain and distribute a contact list;
 - d. initiate and decide on the timing and scope of joint financial crisis simulation exercises to be held regularly, preferably at least every fifth year, and evaluate the results of those exercises;
 - e. agree, if relevant, on the establishment or disbandment of NBSG working groups and to review their tasks and results;
 - f. discuss financial stability assessments at the meeting of the NBSG;
 - g. to engage in more general work to enhance preparedness in view of future crisis management, while respecting, and not duplicating, the mandate and tasks of resolution authorities and resolution colleges.

CONFIDENTIALITY

19. The Parties acknowledge that any exchange of information pursuant to this Memorandum is subject to applicable legal restrictions on information exchange, as set out in national and EU/EEA law.
20. The Parties acknowledge that any information received in relation to this Memorandum is, to the extent permitted by national and EU/EEA law, subject to conditions of confidentiality. The Parties will ensure to the extent permitted by national and EU/EEA law, that all persons dealing with or having access to such information, are bound by the obligation of professional secrecy.

ENTRY INTO EFFECT

21. This Memorandum shall enter into effect upon signature of all signatories.

Signatories

Relevant Ministries:

Finansministeriet, Denmark

Erhvervsministeriet, Denmark

Rahandusministeerium, Estonia

Valtiovarainministeriö, Finland

Fjármála- og efnahagsráðuneytið, Iceland

Finanšu Ministrija, Latvia

Lietuvos Respublikos finansų ministerija, Lithuania

Finansdepartementet, Norway

Finansdepartementet, Sweden

Central Banks:

Danmarks Nationalbank, Denmark

Eesti Pank, Estonia

Suomen Pankki, Finland

Seðlabanki Íslands, Iceland

Latvijas Banka, Latvia

Lietuvos bankas, Lithuania

Norges Bank, Norway

Sveriges Riksbank, Sweden

Financial Supervisory Authorities:

Finanstilsynet, Denmark

Finantsinspektsioon, Estonia

Finanssivalvonta, Finland

Fjármálaeftirlitið, Iceland

Finanšu un Kapitāla Tirgus Komisija, Latvia

Lietuvos bankas, Lithuania

Finanstilsynet, Norway

Finansinspektionen, Sweden

Resolution Authorities:

Finansiel Stabilitet, Denmark

Finanstilsynet (Resolution Unit), Denmark

Finantsinspektsioon, Estonia

Rahoitusvakaussvirasto, Finland

Finanšu un Kapitāla Tirgus Komisija, Latvia

Lietuvos bankas, Lithuania

Riksgäldskontoret, Sweden