



NATIONAL BANK OF SERBIA
GOVERNOR

KG no. 587/2/17

Belgrade, 28.02. 2017

**Mr. Richard Teng,
Chief Executive Officer
Financial Services Regulatory Authority
Abu Dhabi Global Market Square
Al Maryah Island
PO Box 111999
Abu Dhabi United Arab Emirates**

Your ref.no: ADGM-NBS-17-003L-CEO
Subject: Memorandum of Understanding

Dear Mr. Teng,


First of all, I wish to express my sincere appreciation to all those who joined their efforts in ensuring successful completion of the consultation process regarding Memorandum of Understanding (MOU) and termination of the signing procedure.

In line with the agreed procedure, please find enclosed copy of the original MOU, signed on behalf of the National Bank of Serbia.

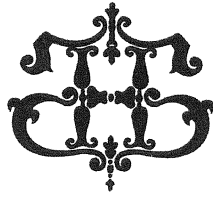
Also, we kindly request for your formal approval for publishing text of MOU on the NBS' website - www.nbs.rs.

Looking forward to our further constructive cooperation, I remain

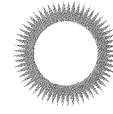
Sincerely Yours,


Jorgovanka Tabaković, PhD

Enclosed: Signed original copy of the MOU



NARODNA BANKA SRBIJE



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

MEMORANDUM OF UNDERSTANDING

Between

The Abu Dhabi Global Market (ADGM)
Financial Services Regulatory Authority (FSRA)

And

The National Bank of Serbia (NBS)

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Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information

between

**The National Bank of Serbia
(NBS)**

&

**The Financial Services Regulatory
Authority (FSRA) of the Abu Dhabi
Global Market (ADGM)**

1 Introduction

- 1.1 The FSRA is a statutory body established under Abu Dhabi Law No. 4 of 2013. It is vested with the powers of licensing, supervision and investigation, and has the ability to exercise its powers for the purpose of co-operation with foreign authorities. The FSRA is responsible for the regulation, supervision and inspection of all financial services in and from within the Abu Dhabi Global Market. Such financial services include banking, insurance, capital markets, collective investment funds, asset management and trust services.
- 1.2 The NBS is the central bank of the Republic of Serbia which is also responsible for the regulation and supervision of banks, financial leasing companies, insurance companies, voluntary pension fund management companies, payment institutions and electronic money issuers, in accordance with the law. Its supervisory function includes powers of licencing, supervision, investigation and sanctioning of those financial institutions. In addition to those powers, in respect of banks, NBS is also responsible for their resolution, in accordance with the Law on Banks.
- 1.3 The NBS and the FSRA have reached the following understanding in order to establish an arrangement for the sharing of supervisory information to facilitate the performance of their respective duties and to promote the safe and sound functioning of financial institutions in their respective jurisdictions.
- 1.4 The NBS and the FSRA express, through this understanding, their willingness to cooperate with each other on the basis of mutual trust and understanding in the supervision of cross-border establishments within their respective jurisdictions. The NBS and the FSRA will use their best endeavours to cooperate in routine supervisory procedures, and to notify and provide to each other relevant information in a prompt and timely manner regarding any material supervisory concerns in respect of a cross-border establishment.
- 1.5 The Memorandum of Understanding (MoU) hereby signed between two Authorities does not have the feature of an international agreement which binds the States of parties in terms of international law. None of the provisions under this MoU shall be interpreted or applied in a way that bears any legal right or obligation for the States of the parties.



2 Definitions

For the purposes of this MoU,

- **"Relevant Authority"** means the FSRA or the NBS as the case may be;
- **"Financial Institution"** is not restricted to banks, but may include other financial institutions, all of which are the institutions and persons regulated and supervised by the supervisory authorities which undersign this agreement.
- **"Cross-border Establishment"** is defined to include a branch, a representative office, a subsidiary or any other entity within their respective Jurisdiction which gives rise to the need for consolidated supervision.
- **"Jurisdiction"** means the country, State, financial free zone or other territory, as the case may be, in which a supervisor has legal authority, power and/or jurisdiction by law.
- **"Host Country Supervisor"** is the responsible supervisory authority of the Jurisdiction where a cross-border establishment is established.
- **"Home Country Supervisor"** is the responsible supervisory authority of the Jurisdiction where the head office or the parent company of a cross-border establishment is established, or as otherwise agreed between the supervisory authorities.
- **"Requested Authority"** is the supervisory authority from which assistance is requested.
- **"Requesting Authority"** is the supervisory authority, which initiates a request for assistance.

3 Sharing of information

- 3.1 The NBS and the FSRA recognize that information should be shared in order to facilitate effective consolidated supervision of Financial Institutions operating in both their Jurisdictions.
- 3.2 Information-sharing shall include contact during the authorization and licensing process, in the supervision of the on-going activities of such cross-border establishment, in the setting up of further branches, when there is a change in ownership that is subject to the permission of the Relevant Authority, in case of revocation of a license and in circumstances where information sharing is necessary to permit either supervisor to investigate potential breaches of applicable law in their respective Jurisdiction.

- 3.3 In connection with the authorization and licensing process:
- 3.3.1 The Host Country Supervisor shall notify the Home Country Supervisor, without delay, of applications for approval to establish cross-border establishments in the host Jurisdiction;
 - 3.3.2 Upon request, each supervisory authority shall inform the other supervisory authority whether the applicant Financial Institution is in substantial compliance with the applicable laws and regulations of the Requested Authority and, in the case of the Home Country Supervisor, whether the Financial Institution may be expected, given its administrative structure and internal controls, to manage the cross-border establishment in an orderly manner;
 - 3.3.3 The Home Country Supervisor shall inform the Host Country Supervisor about the nature of its regulatory and supervisory system and the extent to which it will conduct consolidated supervision over the applicant Financial Institution. Similarly, the Host Country Supervisor shall indicate the scope of its supervision and indicate any specific features that might give rise to the need for special arrangements;
 - 3.3.4 To the extent reasonable and permitted by law, the Home and Host Country Supervisors will share information on the fitness and properness of the prospective directors, managers and relevant shareholders of a cross-border establishment;
- 3.4 In connection with the ongoing supervision of their cross-border establishments, the two supervisors undertake to use their best endeavors to:
- 3.4.1 Provide relevant information to their counterpart regarding material developments or supervisory concerns in respect of the operations of cross-border establishments;
 - 3.4.2 Respond to requests for information on their respective national regulatory systems and inform each other about major changes, in particular those, which have a significant bearing on the activities of cross-border establishments;
 - 3.4.3 Inform their counterpart about any event which has the potential to endanger the stability of the cross-border establishments;
 - 3.4.4 Inform their counterpart of material administrative penalties imposed, or other formal enforcement action taken against a cross-border establishment; and
 - 3.4.5 Facilitate the transmission of other relevant information that might be required to assist with the supervisory process.
- 3.5 In case of the opening up further branches or a change in the ownership structure that is subject to the permission of the Relevant Authority, the two supervisors shall notify each other.
- 3.6 In case of revocation of the license and operating permission or voluntary liquidation of a Financial institution or intervention to a Financial institution that has branches and undertakings abroad, the two supervisors shall promptly notify each other and provide reasons behind such action.

4 On-site inspections

- 4.1 The NBS and the FSRA agree that co-operation is particularly useful in assisting each other in carrying out on-site inspections of cross-border establishments in the host Jurisdiction.
- 4.2 The Home Country Supervisor undertakes to notify the Host Country Supervisor of the plans and scheduled period of the inspection or examination of a cross-border establishment or to appoint an internationally reputable (accredited) independent auditing company to conduct an examination on its behalf under certain circumstances which might make it necessary and upon the mutual agreement of the authorities, and to indicate the purposes, scope and expected duration of the visit and also the names of examiners.
- 4.3 Requests for onsite inspections need the written consent of the Host Country Supervisor.
- 4.4 All examinations or inspections to be carried out in the host country by the Home Country Supervisor may be accompanied by the Host Country Supervisor.
- 4.5 Following an inspection, the supervisory authorities shall exchange views on their findings. On finalizing an inspection report, the Home Country Supervisor will provide the Host Country Supervisor with an executive summary of the report.

5 Requests for information and inspections

- 5.1 Upon receipt of a written request, the requested supervisor shall use its best endeavors to provide the requested information or process the request for on site inspections regarding the cross-border establishments of a Financial Institution incorporated in the requesting supervisor's Jurisdiction.
- 5.2 Requested information normally would not include customer account information unless this is of particular relevance to the supervisory concern prompting the request and if this is the case, such customer account information shall be collected and, to the extent permitted by law, provided by the requested supervisor itself.
- 5.3 Requests for information shall be made in writing. However, where the supervisory authorities perceive a need for expedited action, requests may be initiated in any form but should be confirmed within 10 working days subsequently in writing.
- 5.4 Where one authority has information that will assist the other authority in the performance of its regulatory and supervisory functions, the former may provide such information, or arrange for it to be provided, on a voluntary basis even though the other authority has made no request.

6 Protection of information

- 6.1 Information should be shared to the extent reasonable and subject to relevant statutory provisions, including those restricting disclosure.
- 6.2 Any confidential information received from the other supervisor will be used exclusively for lawful supervisory purposes.
- 6.3 To the extent permitted by law, each supervisor shall hold confidential all information obtained and documents received from the other party. In this regard, employees of both supervisory authorities are generally bound to hold confidential all information obtained in the course of their duties.
- 6.4 In the event that a legally enforceable demand for disclosure of information supplied under this MoU is anticipated, the Requesting Authority will notify the Requested Authority of the possibility of disclosure. If there is a legally enforceable demand for information supplied under this MoU, the Requesting Authority receiving the demand will notify the Requested Authority that supplied the information of the demand, unless this is not practicable for reasons of urgency. The Requesting Authority receiving the demand will, if requested by the Requested Authority, use all reasonable legal means to resist such a demand, including asserting such appropriate legal exemptions or privileges with respect to that information as may be available. Where the circumstances are such that it is not practicable for the Requesting Authority receiving the legally enforceable demand to notify the Requested Authority of the possibility of the onward disclosure of the information by virtue of a legal obligation, the Requesting Authority receiving the demand will assume that the Requested Authority would wish it to assert such appropriate legal exemptions or privileges with respect to that information as may be available.
- 6.5 No supervisory information received by either party in accordance with this Memorandum, where the disclosure is not legally compelled, shall be passed to a third party without the prior and written consent of the supervisor that provided this information.

7 Ongoing coordination

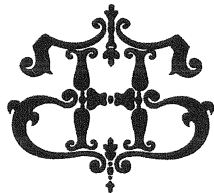
- 7.1 NBS and FSRA may promote their co-operation through visits for information purposes and by exchanges of staff.
- 7.2 In addition, the supervisory authorities in the two Jurisdictions would pursue staff training programs that would incorporate input and support from both their supervisors and would reinforce sound supervisory practices in both Jurisdictions.
- 7.3 NBS and FSRA would conduct meetings as often as appropriate to discuss issues of supervisory concern.
- 7.4 In the event that both parties think it desirable for the purpose of adequate supervision, NBS and FSRA may enter into institution specific cross-border cooperation agreements in respect of identified cross-border establishments for the purpose of coordinating the supervision of the relevant entity.

8 Other provisions

- 8.1 The arrangements outlined in this MoU are intended to enhance the existing working relationship, but they are not restrictive.
- 8.2 The supervisory authorities may make amendments to this MoU by mutual agreement and by a written notice specifying the reasons behind such action.
- 8.3 If any of the authorities refuse to meet a request for information or to make onsite inspections, it shall notify the Requesting Authority, without undue delay, of the reasons behind such action.
- 8.4 If it appears that the Requested Authority will incur substantial costs in responding to a request for assistance under this MoU, the authorities will establish a cost-sharing arrangement before responding to such a request.
- 8.5 The parties shall continue to honor the terms of this MoU unless one of the parties request its termination. This MoU will then stay in effect until the expiration of 30 days after either supervisory authority gives written notice to its counterpart indicating its intention to terminate this MoU. However, the last existing request for assistance made prior to such notification shall be honored by the authorities if possible under the conditions set forth under this MoU.
- 8.6 In the event of termination of this MoU, information obtained under this MoU will continue to be treated confidentially.
- 8.7 Both supervisory Authorities shall designate contact persons for carrying out the provisions of this MOU. The Authorities shall exchange lists of contact persons with full contact details. The list will be updated on a regular basis or if the list is changed.
- 8.8 In the case that one of the parties merge with another Authority or Agency or their competence is transferred to another Authority or Agency within their Jurisdiction, this Agreement shall be maintained with the same provisions, unless otherwise determined.
- 8.9 The Authorities will inform the public about the principles and procedures of the MoU.
- 8.10 This MoU is written in English in duplicate, both text being equally authentic and each party obtaining a copy.
- 8.11 This MoU comes into force as of the date it is signed by both parties.

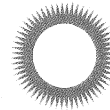
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9 Executed by the parties



NARODNA BANKA SRBIJE

For the NBS



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

For the FSRA



Jorgovanka Tabaković
Jorgovanka Tabaković
Governor

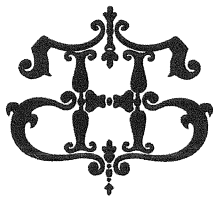
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Date: 28.2.2017.

Richard Teng
Chief Executive Officer

Date:

10 Contact points



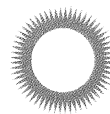
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