



EUROPEAN CENTRAL BANK

2 April 2001

PRESS RELEASE

MEMORANDUM OF UNDERSTANDING ON CO-OPERATION BETWEEN PAYMENT SYSTEMS OVERSEERS AND BANKING SUPERVISORS IN STAGE THREE OF ECONOMIC AND MONETARY UNION

1. The European Central Bank, the national central banks of the Eurosystem and the national central banks of the Member States that have not adopted the single currency, in their capacity as overseers of payment systems, as well as the banking supervisory authorities of the Member States of the European Union (EU), have agreed on a Memorandum of Understanding (hereinafter referred to as "the MoU") on specific arrangements for co-operation and information sharing in Stage Three of Economic and Monetary Union (EMU) in relation to large-value payment systems. The authorities which adopted the MoU and the payment systems within its scope are listed in Annexes 1 and 2 to this Press Release. The banking supervisory authorities contributed to the preparation of the MoU through the Banking Supervision Committee of the European System of Central Banks (ESCB). The MoU entered into force, retroactively, on 1 January 2001 and replaces a previous arrangement in force since 1994. The non-legally binding nature of the arrangement has been maintained.
2. Prudential supervision and the oversight of payment systems have the common objective of ensuring the stability of the financial system. Co-operation between payment systems overseers and banking supervisors is warranted since the stability of the financial system may be affected, on the one hand, by the risks borne by credit institutions arising from their participation in payment systems or their provision of settlement services, and, on

the other hand, by the risks arising in payment systems as a result of the participation of credit institutions.

The interplay between the function of payment systems oversight and the function of prudential supervision has been affected by the establishment of EMU. Whereas the oversight of payment systems is one of the basic tasks of the Eurosystem in accordance with the fourth indent of Article 105 (2) of the Treaty establishing the European Community and Articles 3.1 and 22 of the Statute of the ESCB, the responsibility for prudential supervision has remained with the competent national authorities.

3. The MoU is aimed primarily at promoting co-operation in relation to large-value payment systems. Additionally, the MoU may serve as a starting point for co-operation regarding retail payment systems, including e-money schemes. The overall framework provided by the MoU is defined with a view to ensuring the soundness and stability of the payment systems and of the participating credit institutions. Investment firms participating in payment systems also fall within the scope of the MoU to the extent that their home supervisors have agreed to include them in the agreement. Co-operation and information sharing are specifically foreseen: (1) in case of an application to join an existing payment system or when a new system is established, (2) on an ongoing basis, and (3) in crisis management situations.

The arrangements provided by the MoU may be reviewed within three years to take into account experience or market developments.

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ANNEX I**Parties to the Memorandum of Understanding****Overseers**

European Central Bank
 Nationale Bank van België/Banque Nationale de Belgique
 Deutsche Bundesbank
 Bank of Greece
 Banco de España
 Banque de France
 Central Bank of Ireland
 Banca d'Italia
 Banque centrale du Luxembourg
 De Nederlandsche Bank
 Oesterreichische Nationalbank
 Banco de Portugal
 Suomen Pankki

 Danmarks Nationalbank
 Sveriges Riksbank
 Bank of England

Supervisors

Commission bancaire et financière/Commissie voor het Bank- en Financiewezen, Belgium
 Finanstilsynet, Denmark
 Bundesaufsichtsamt für das Kreditwesen, Germany
 Deutsche Bundesbank
 Bank of Greece
 Banco de España
 Commission Bancaire et Banque de France
 Central Bank of Ireland
 Banca d'Italia
 Commission de Surveillance du Secteur Financier, Luxembourg
 De Nederlandsche Bank
 Bundesfinanzministerium, Austria
 Oesterreichische Nationalbank
 Banco de Portugal
 Rahoitustarkastus, Finland
 Finansinspektionen, Sweden
 Financial Services Authority, United Kingdom

ANNEX 2**List of systems and respective overseers**

LARGE-VALUE PAYMENT SYSTEMS	OVERSEERS
TARGET as a whole National components of TARGET ELLIPS ELS HERMES SLBE TBF IRIS BI-REL LIPS-Gross TOP ARTIS SPGT BOF-RTGS EPM DEBES Euro RIX CHAPS Euro	ECB/Eurosystem Nationale Bank van België/ Banque Nationale de Belgique Deutsche Bundesbank Bank of Greece Banco de España Banque de France Central Bank of Ireland Banca d'Italia Banque centrale du Luxembourg De Nederlandsche Bank Oesterreichische Nationalbank Banco de Portugal Suomen Pankki ECB Danmarks Nationalbank Sveriges Riksbank Bank of England
Euro System of the EBA Clearing Company (Euro I)	ECB
Euro Access Frankfurt (EAF)	Deutsche Bundesbank
Paris Net Settlement (PNS)	Banque de France
Servicio de Pagos Interbancarios (SPI)	Banco de España
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)	Suomen Pankki
CHAPS Sterling	Bank of England
Danmarks Nationalbank-Forespørgselsservice, (DN Inquiry and Transfer System, DN-F)	Danmarks Nationalbank
RIX-systemet	Sveriges Riksbank
Continuous Linked Settlement Bank International (CLS Bank) <i>not yet operational</i>	ECB (in respect of euro operations), Bank of England (in respect of pound sterling operations and as designating authority under the Settlement Finality Directive), and US Federal Reserve (as the lead overseer of the system).