

## **Memorandum of Understanding: International Organisations**

1. Many policy issues related to financial stability and financial regulation are now either wholly or largely determined at an international level. Reflecting this, the number of official international committees and ad hoc groups engaged on these issues has increased greatly. Often, similar or inter-related issues are discussed in several different fora (for example, in the Basel Committee on Banking Supervision (BCBS), the Financial Stability Board (FSB), EU Working Groups, European Supervisory Authorities (ESAs), European Systemic Risk Board and ECOFIN/EFC). Representation in these different fora is, however, spread across different authorities, notably the Treasury, the Bank of England (for its functions in relation to financial stability and as a regulator), the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). This gives rise to an important challenge to ensure that, despite having different representation in different fora, the UK takes a coherent position internationally and a consistent line in discussions with international partners<sup>1</sup>.
2. This MoU sets out a framework for consultation and cooperation amongst the relevant authorities to facilitate achievement of this objective, while respecting the individual responsibilities and competences of the different authorities and the requirement, where relevant, for personal or institutional independence and the constitutions of the international bodies themselves.
3. The Treasury is responsible for the overall institutional structure of financial regulation and the legislation which govern it, both domestic and international. Individual authorities have responsibilities and objectives under statute and may as part of that have responsibilities directly to international organisations. For example, while the Treasury has responsibility for negotiations of level one directives and regulations in the European Union, the PRA and FCA have been delegated responsibility, through the ESAs, for the development of draft technical standards which do not imply policy choices through the ESAs, and must act independently and objectively in developing such standards.
4. Consistent with such obligations, the UK authorities will coordinate the positions they take in international groups and international negotiations on all major issues where there is a shared interest with another authority. Where not all the UK authorities are represented in international organisations and at international bodies, the UK authorities that are represented shall, in a timely manner, consult with and keep the other UK authorities informed in relation to any matter of common interest.
5. The principles set out in this Memorandum of Understanding should apply to the management of mutual interests between UK authorities and other independent domestic bodies, including but not necessarily limited to the Pensions Regulator (tPR), Takeover Panel, and the Financial Reporting Council (FRC). The UK authorities and other bodies may under their own authority agree separate bilateral Memorandums of Understanding covering coordination of international activity if required.

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<sup>1</sup> In some specific organisations, representatives are required to act in accordance with explicit objectives. For example, in the ESAs, members of the Board of Supervisors are required to act independently and objectively in the sole interest of the Union as a whole when performing their duties. In these cases, the UK representatives will coordinate and consult with the other relevant UK authorities to ensure the UK is an effective participant in these fora.

6. This Memorandum of Understanding applies in relation to discussions and negotiations in relation to financial services issues in international organisations and international bodies at which the UK authorities are represented. These include, but are not limited to, the bodies listed at Annex A.

### **International Coordination Committee**

7. As provided for by section 66 of the Financial Services Act 2012, this document establishes an International Coordination Committee (hereafter referred to as 'the Committee') that shall be responsible for ensuring the UK authorities act in accordance with the principles set out in the document.
8. The Committee shall be comprised of officials from the UK authorities and shall be chaired by the representative of HMT. The Committee may invite representatives of other bodies to attend its meetings.
9. The Committee shall meet once a quarter or more often as necessary.
10. The Committee will be accountable to the Chancellor and shall provide him or her with a copy of its meeting minutes and any other material that he or she requests.

### **Principles**

11. The UK authorities will coordinate their international engagements in accordance with the principles of openness, cooperation and coherence. In order to comply with these principles the UK authorities, at all levels of negotiation, should:
  - (a) keep the other relevant UK authorities informed in relation to matters that impinge on their respective responsibilities;
  - (b) where possible, consult with any other relevant UK authority and work towards an agreed position in good time before engagement with the international organisation or bodies;
  - (c) subject to the regulations or practices of the international organisation or body involved, share relevant information and documentation with any other relevant UK authorities;
  - (d) facilitate, in accordance with the regulations of the international organisation or body, the attendance of any other relevant UK authority at any relevant meeting or sub-committee where appropriate;
  - (e) consider the opinions of the other relevant UK authorities when deciding their own position;
  - (f) agree consistent objectives with other relevant UK authorities in relation to matters of common interest, in accordance with the relevant authorities' own objectives.
  - (g) act consistently with international laws and regulations.
12. Where issues, on which there is no agreed UK position, arise during the course of an international meeting without advance notice, the represented authority will take into account the interests and objectives of the other parties to the best of their abilities. The represented authority will communicate the nature of the discussion and any outcome to the other relevant authorities as soon as possible.

### **Review of this document**

13. This document shall be reviewed by the relevant UK authorities at least annually or more often as necessary to ensure that the contents remain appropriate and that the list of international bodies at Annex A remains current.

## Annex A: International Bodies

Body	UK Representative(s) (voting)	Other interested parties may include <sup>2</sup>
EU Council, including EU Financial Services Committee	HMT	PRA, FCA
European Banking Authority (EBA)	PRA	FCA, Bank
European Securities and Markets Authority (ESMA)	FCA	Bank, FRC
European Insurance and Occupational Pensions Authority (EIOPA)	PRA	tPR, FCA
European Systemic Risk Board (ESRB)	BoE	PRA, FCA
Financial Stability Board (FSB)	HMT, BoE, FCA	PRA
Basel Committee on Banking Supervision (BCBS)	PRA	Bank, FCA
Bank of International Settlements (BIS)	BoE	
International Organisation of Securities Commissions (IOSCO)	FCA	Bank
G20 leaders' meetings	Prime Minister	
G20 Sherpa meetings	Cabinet Office	
G20 Finance Ministers' meetings	HMT	
G20 Central Bank Governors' meetings	BoE	
International Monetary Fund (IMF)	HMT, BoE	PRA, FCA
International Association of Insurance Supervisors (IAIS)	PRA, FCA	
Joint Forum	PRA, FCA	Bank
Organisation for Economic Cooperation and Development (OECD)	HMT	Bank

<sup>2</sup> Across the range of International Bodies, other interested parties may also include organisations such as: the Financial Services Compensation Scheme (FSCS), Financial Ombudsman Service (FOS), Financial Reporting Council (FRC) and Takeover Panel. In some international bodies, there is also scope for flexibility in sub-committee or working group participation. It may also be possible for additional interests to be represented through observer status at various levels in some international fora.