

MEMORANDUM OF UNDERSTANDING

BETWEEN

HER MAJESTY'S TREASURY

AND

THE MONETARY AUTHORITY OF SINGAPORE

ON

FINANCIAL SERVICES REGULATORY COOPERATION

**Memorandum of Understanding between the HM Treasury and the Monetary Authority of Singapore
on Financial Services Regulatory Cooperation**

Paragraph 1

Purpose

1. This Memorandum of Understanding (“MOU”) is a statement of intent to share information and to work towards promoting regulatory cooperation between the HM Treasury and the Monetary Authority of Singapore in connection with their respective responsibilities under the laws which cover financial services in their respective jurisdictions to the extent consistent with and permitted by their domestic law.
2. This MOU does not create or alter any legally binding obligations, confer any enforceable rights, or supersede domestic law. This MOU does not affect any arrangements under other MOUs or agreements. For the avoidance of doubt, this MOU does not affect the right of either Participant to adopt or maintain its own appropriate level of business and market conduct measures, and measures for prudential reasons¹.
3. For the purposes of this MOU:
 - a) “Participant” means the HM Treasury or the Monetary Authority of Singapore, collectively referred to as “Participants”;
 - b) “financial services” and “financial service supplier” have the same meaning as in Paragraph 5 of the Annex on Financial Services of the General Agreement on Trade in Services.
4. This MOU will come into operation on signature and will continue in operation until terminated by either Participant giving 6 months' written notice to the other.

Paragraph 2

Objectives of Regulatory Cooperation

1. The Participants recognise that promoting cooperation between the Participants and other financial regulatory or supervisory authorities in their jurisdictions supports the following objectives:
 - a) strengthening financial systems and promoting financial stability;
 - b) improving market integrity and countering undesirable market fragmentation;
 - c) promoting fair and competitive markets;
 - d) promoting robust and efficient financial service suppliers, markets, and infrastructure;
 - e) protecting consumers, investors, depositors, policyholders and persons to whom a fiduciary duty is owed by a financial service supplier;
 - f) providing a transparent and predictable environment for financial service suppliers; and
 - g) enhancing financial services trade and investment between the United Kingdom (“UK”) and Singapore.
2. The Participants will, where practicable, work together bilaterally and through international bodies to advance these objectives, hereinafter referred to in this MOU as “regulatory cooperation”.

¹ Including measures for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, for the maintenance of the safety, soundness, integrity or financial responsibility of financial service suppliers, or to ensure the integrity and stability of the financial system.

3. The Participants will endeavour to base their regulatory cooperation on the principles and prudential standards agreed at the international level and to follow the principles set out in Paragraph 4 (Framework for Regulatory Cooperation).

Paragraph 3

Scope of Regulatory Cooperation

1. Regulatory cooperation between the Participants is intended to cover all areas of financial services, unless otherwise decided by both Participants.
2. The provisions in this MOU will be without prejudice to the distribution and exercise of competencies of financial regulatory or supervisory authorities of the UK or Singapore. The Participants recognise that their regulatory cooperation in financial services should be based on due consideration of differences in market structures, legal, regulatory and supervisory frameworks and in the range of business models that may exist between the UK and Singapore.

Paragraph 4

Framework for Regulatory Cooperation

1. Compatibility of Regulatory and Supervisory Frameworks
 - a) The Participants will, where practicable and where it is in the mutual interest of both Participants, work towards compatibility of the regulatory and supervisory frameworks for financial services in their respective jurisdictions, for areas of common interest in a way that supports the objectives set out in Paragraph 2. Such work may include discussions on the compatibility of the Participants' regulatory approaches on an outcomes basis and options to reduce unnecessarily burdensome or duplicative regulatory requirements.
 - b) When pursuing the compatibility referred to in subparagraph a), each Participant will aim to ensure that internationally agreed standards for regulation and supervision in the area of financial services are implemented and applied, taking into consideration circumstances as appropriate in its jurisdiction.
 - c) For the purposes of this MOU, regulatory standards adopted by international standard-setting bodies to which both the UK and Singapore's financial regulatory or supervisory authorities have agreed and in which both the UK and Singapore participate, may be considered as internationally agreed standards. Such internationally agreed standards are, *inter alia*, those adopted by: the Financial Stability Board; the Basel Committee on Banking Supervision, in particular its "Core Principle for Effective Banking Supervision"; the International Association of Insurance Supervisors, in particular its "Insurance Core Principles"; the International Organisation of Securities Commissions, in particular its "Objectives and Principles of Securities Regulation"; and the Financial Action Task Force.
 - d) To support regulatory cooperation, the Participants will where practicable, work together in international standard-setting bodies to develop effective international standards and facilitate coherent implementation in the area of financial services.
2. Regulatory Deference
 - a) A Participant may, where practicable and permissible under its domestic legal framework, defer to the regulatory and supervisory frameworks of the jurisdiction of the other Participant. The foregoing will be without prejudice to each Participant's right to assess, on the basis of its own legal, regulatory and supervisory frameworks, the legal, regulatory and supervisory frameworks of the jurisdiction of the other Participant, including the effective implementation and enforcement of such frameworks, with a view to establishing deference. For the purposes of any such assessment, a Participant will not require that the legal, regulatory and supervisory frameworks of the jurisdiction of the other Participant be identical to the frameworks in its own jurisdiction, but will complete its assessment and determination on an outcomes basis.

3. Sharing of Information

- a) Without prejudice to its own domestic processes, each Participant will endeavour to provide the other Participant with adequate opportunity for comment when it consults on new regulatory initiatives in financial services that may be of relevance to the other Participant. The Participants will explore and seek to achieve consensus on the possibilities for developing mechanisms for appropriate mutual information exchange and consultation.
- b) Without prejudice to its own domestic processes, in the areas where one of the Participants defers to the regulatory and supervisory frameworks of the jurisdiction of the other Participant, the Participants will keep each other informed of how they provide for effective implementation and enforcement of their respective regulatory and supervisory frameworks in that area. The Participants, where practicable, will consult with each other on changes to their respective regulatory or supervisory frameworks which could impact existing deference arrangements and will ensure appropriate mechanisms are in place for the ongoing exchange of information on supervision and enforcement.

4. Review of Impact

- a) Each Participant may, in the process of formulating regulatory initiatives in the areas of financial services, where permissible under their domestic legal frameworks and in the areas where a Participant defers to the regulatory and supervisory frameworks of the jurisdiction of the other Participant, give consideration to the impacts of such initiatives on their ability to defer to the regulatory and supervisory frameworks of the jurisdiction of the other Participant.
- b) In the areas where a Participant defers to the regulatory and supervisory frameworks of the jurisdiction of the other Participant, a Participant who considers that the provision of financial services by its financial service suppliers in the other Participant's jurisdiction is impacted by a measure of the other Participant, may bring this to the attention of the other Participant.

Paragraph 5

Withdrawal of Deference

1. A Participant may withdraw its decision to defer to the regulatory and supervisory frameworks of the jurisdiction of the other Participant in a specific area of financial services, and revert to the application and enforcement of the regulatory and supervisory frameworks of its own jurisdiction in circumstances such as, but not exclusively, where:
 - a) the regulatory and supervisory frameworks of the jurisdiction of the other Participant are no longer equivalent in outcome;
 - b) the other Participant or the relevant financial regulatory or supervisory authorities in its jurisdiction fail to enforce the regulatory and supervisory frameworks effectively;
 - c) there is insufficient cooperation, including sharing of information, from the other Participant or the relevant financial regulatory or supervisory authorities in the jurisdiction of the other Participant, in the areas set out under Paragraph 4; or
 - d) withdrawal of the decision is necessary for another prudential reason.
2. Prior to taking any such decision to withdraw deference, a Participant will consider, *inter alia* and to the extent that such consideration is permissible under its domestic law, the impact of its withdrawal of deference on financial stability and/or market integrity and/or cross-border financial activities of both Participants.
3. Prior to taking any such decision to withdraw deference, and without prejudice to the decision to withdraw coming into effect, a Participant will give written notification of its intention to withdraw to the other Participant. Following receipt of the notification, the Participants will, within six months from the date of such receipt, begin consultation with each other in good faith.

4. Following a decision by a Participant [A] to withdraw deference, that Participant [A] will endeavour, where practicable, to accord the other Participant [B] a reasonable period of time, prior to reverting to the application and enforcement of the regulatory and supervisory frameworks of its [A] own jurisdiction. This includes, where practicable, sufficient time to put in place transitional arrangements to minimise disruption to affected financial service suppliers.

Paragraph 6

UK-Singapore Financial Dialogue

1. The Participants reaffirm their commitment to the annual UK-Singapore Financial Dialogue (hereinafter referred to as the "Financial Dialogue").
2. The Financial Dialogue will steer regulatory cooperation between the Participants. In particular, the Financial Dialogue will guide progress and undertake forward planning of regulatory cooperation. The Financial Dialogue will observe the objectives of regulatory cooperation laid out in Paragraph 2.
3. The Financial Dialogue will be composed of representatives from the UK and Singapore, including the following:
 - a) For the UK, representatives from the HM Treasury, the Bank of England and the Financial Conduct Authority, and any of their successors which have, at technical level, responsibility for financial services regulatory issues.
 - b) For Singapore, representatives from the Monetary Authority of Singapore and its successors, which have, at technical level, responsibility for financial services regulatory issues.
4. Without prejudice to the right of each Participant to decide on the composition of its representation in the Financial Dialogue, each Participant may request that the other Participant invite representatives with relevant seniority or expertise from other financial regulatory or supervisory authorities, or other relevant agencies. This is with a view to contribute to the Financial Dialogue's discussions and preparatory work in matters related to the activity of those financial regulatory or supervisory authorities, and/or the Objectives of Regulatory Cooperation, as set out in Paragraph 2.
5. The meetings of the Financial Dialogue will be co-chaired by senior officials from the HM Treasury and the Monetary Authority of Singapore, or their respective successors.
6. Each co-chair will designate specific contact points to facilitate the work of the Financial Dialogue.
7. The Financial Dialogue may establish expert working groups to examine specific issues or explore cooperation in specific areas of financial services.
8. The meetings of the Financial Dialogue will be held alternately in the UK and Singapore, unless otherwise decided by both Participants, and once a year, unless impracticable due to unforeseen circumstances, and/or whenever the Participants consider it expedient or necessary.

The foregoing record represents the understandings reached between the Her Majesty's Treasury of the United Kingdom of Great Britain and Northern Ireland and the Monetary Authority of Singapore upon the matters referred to therein.

Signed in duplicate at London and Singapore in the English language.

For Her Majesty's Treasury of the United Kingdom of Great Britain and Northern Ireland *For the Monetary Authority of Singapore*

Rishi Sunak

30 June 2021

Tharman Shanmugaratnam

30 June 2021