



FINANCIAL SERVICES AGENCY
GOVERNMENT OF JAPAN

3-2-1 Kasumigaseki Chiyoda-ku Tokyo 100-8967 Japan

Mr. Wayne Byres
Chairman
Australian Prudential Regulation Authority
Level 12, 1 Martin Place
SYDNEY NSW 2000
AUSTRALIA

Dear Mr Byres,

**EXCHANGE OF LETTERS ON CO-OPERATION IN THE AREA OF BANKING SUPERVISION
BETWEEN THE FINANCIAL SERVICES AGENCY OF JAPAN AND
THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY**

I recognise that further co-operation between the Financial Services Agency of Japan (FSA) and the Australian Prudential Regulation Authority (APRA) in the area of financial supervision would be mutually beneficial, with a view to ensuring soundness of the financial systems in both jurisdictions and of the finances of banking organisations operating in each other's jurisdiction. I also acknowledge that enhancing the exchange of information between supervisors is important in view of the globalisation of financial markets and the increasing cross-border activities undertaken by banking organisations.

In Japan, "banking organisation" means an institution licensed by the Prime Minister pursuant to the Banking Act (Act No. 59 of June 1, 1981). In Australia, "banking organisation" means an institution under the supervision of APRA in accordance with the Banking Act 1959 and "banking" includes business conducted by authorised entities which are not called Banks.

In this context, this letter confirms the interest of FSA in enhancing co-operation with APRA in a mutually beneficial manner, in accordance with the respective laws and regulations of Japan and Australia. This letter is a statement of FSA's intent and does not create any legally binding obligations upon FSA or APRA. Nothing in this letter will affect the competence of FSA or APRA under their respective national laws.

1. Scope and modalities of co-operation

1.1 FSA and APRA intend to co-operate on matters pertaining to the banking organisations which are subject to supervision by both FSA and APRA, including through the exchange of supervisory information on banking organisations operating in their respective jurisdictions.

1.2 Co-operation between FSA and APRA should take place in accordance with the respective laws and regulations of Japan and Australia. In regard to supervision of banking organisations with operations in each other's jurisdiction (Relevant Banking Organisations), possible forms of co-operation include the following:

- FSA and APRA will endeavour to notify each other of any material supervisory concern either one has about any of the Relevant Banking Organisations;
- in cases where a supervisory action is called for to address a material supervisory concern that could lead to remedial action at any of the Relevant Banking Organisations, FSA and APRA will endeavour to co-operate with each other prior to taking that action; if prior co-operation is not possible, they will notify each other of the action as soon thereafter as practicable; and
- FSA and APRA will notify each other of plans to visit the Relevant Banking Organisations in each other's jurisdiction. FSA and APRA may inform each other of any material findings arising out of the visit and discuss, as necessary, issues that emerge from such visits. The Hosting Supervisor may, in consultation with the Visiting Supervisor, accompany the Visiting Supervisor to such visit. "Hosting Supervisor" means the supervisor in whose jurisdiction the visit will be performed, and "Visiting Supervisor" means the supervisor performing the visit.

1.3 The relevant points of contact are set out in the Annexure to this letter.

1.4 FSA and APRA also express their willingness to hold a dialogue or exchange views about matters of common interest and concern as appropriate, with a view to deepening mutual understanding and co-operation between the two supervisors.

2. Treatment of information exchanged

2.1 FSA and APRA expect each other to mark all documents provided pursuant to this exchange of letters, "Covered by professional secrecy" or "CONFIDENTIAL - PROVIDED UNDER AN EXCHANGE OF LETTERS BETWEEN FSA, JAPAN AND APRA".

2.2 Any supervisory information received should be used by the recipient only for lawful supervisory purposes, including any necessary action taken by the recipient against a Relevant Banking Organisation. Information received should not be used in criminal proceedings carried out by a court or a judge, including as evidence in criminal court. In the case that such use is needed, the request must be made in accordance with procedures prescribed in the relevant law for international mutual assistance in criminal investigation.

2.3 To the extent permitted by their respective domestic laws and regulations, FSA or APRA should hold confidential any information received, and they will not disclose it without prior consent of the other supervisor. If FSA or APRA is legally compelled to disclose confidential information received from the other supervisor, they will, to the extent permitted by applicable laws and regulations, consult with the other supervisor before disclosing it. If there is an objection to the disclosure, they will use all reasonable efforts including those available to them at law, to resist the disclosure of the information at issue.

2.4 The terms and conditions stated above do not apply to publicly available information.

I believe that enhanced co-operation in accordance with the modalities set out in this letter will lead to a mutually beneficial relationship between FSA and APRA.


With my best regards.


Yours sincerely,

The Financial Services Agency of Japan

By 
Nobuchika Mori
Commissioner

Dated: 9 August 2016

The Australian Prudential Regulation Authority 

By 
Wayne Byres
Chairman

Dated: 4 August 2016



Mr Nobuchika Mori
Commissioner
Financial Services Agency of Japan
3-2-1 Kasumigaseki, Chiyoda-Ku
TOKYO 100-8967
JAPAN

Dear Mr Mori,

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BETWEEN THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY AND
THE FINANCIAL SERVICES AGENCY OF JAPAN**

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With my best regards.

Yours sincerely,

The Australian Prudential Regulation Authority

By _

Wayne Byres 
Chairman

Dated: 4 August 2016

The Financial Services Agency of Japan

By _

Nobuchika Mori
Commissioner

Dated: 9 Aug 2016