

Ten Key Principles on Information Sharing

Set out below are the Ten Key Principles on Information Sharing issued by the G-7 Finance Ministers in May 1998. The principles were published in a report of the Ministers entitled *Financial Stability - Supervision of Global Financial Institutions*.

1. **Authorisation to share and gather information:** Each Supervisor¹ should have general statutory authority to share its own supervisory information with foreign supervisors, in response to requests, or when the supervisor itself believes it would be beneficial to do so. The decision about whether to exchange information should be taken by the Provider², who should not have to seek permission from anyone else. A provider should also possess adequate powers (with appropriate safeguards) to gather information sought by a Requestor³.

Lack of sufficient authority can impede information sharing. Without a power to gather information for other supervisors, a Provider may be limited to providing only information it already holds, or it can obtain from public files.

2. **Cross-sector information sharing:** Supervisors from different sectors of financial services should be able to share supervisory related information with each other both internationally (e.g., a securities supervisor in one jurisdiction and a banking supervisor in another) and domestically.
3. **Information about systems and controls:** Supervisors should cooperate in identifying and monitoring the use of management and information systems, and controls, by internationally active firms.
4. **Information about individuals:** Supervisors should have the authority to share objective information of supervisory interest about individuals such as owners, shareholders, directors, managers or employees of supervised firms.

Supervisors should be able to share objective information about individuals as they can about firms and other entities.

¹ “**Supervisor**” means the entity or entities with statutory, supervisory or regulatory powers over financial firms and/markets within their jurisdiction.

² “**Provider**” means the Supervisor to which a request for information has been made.

³ “**Requestor**” means the Supervisor that has asked for information.

- 5. Information sharing between exchanges:** Exchanges in one jurisdiction should be able to share supervisory information with exchanges in other jurisdictions, including information about the positions of their members.

Exchanges have a supervisory function in many jurisdictions. Where they do, they need to be able to share supervisory information to form a view on the potential impact of market events, on its members, and on the customers, counterparties, and financial instruments affected by it.

- 6. Confidentiality:** A Provider should be expected to provide information to a Requestor that is able to maintain its confidentiality. The Requestor should be free to use such information for supervisory purposes across the range of its duties, subject to minimum confidentiality standards⁴.

While most Providers, quite properly, require a Requestor to maintain the confidentiality of information, as a condition of providing it, they should not seek to limit its use, by the Requestor, in carrying out its supervisory duties, including use in connection with (depending on legal arrangements in the country) administrative, civil or criminal cases where the Requestor, or another public authority, is a party to an action which arise from the exercise of those duties.

- 7. Formal agreements and written requests:** The Requestor should not have to enter into a strict formal agreement in order to obtain information from a Provider. Nor should a written request be a prerequisite to the sharing of information, particularly in an emergency.

Information sharing arrangements, such as Memoranda of Understanding are often used to establish a framework among supervisors and can facilitate the efficient execution of requests. But the existence of such an agreement should not be a prerequisite for information sharing. Written requests can also be useful at times to provide an efficient and effective way of dealing with information requests, but, again, their absence should not be used to justify delaying a response.

⁴ A Requestor should keep confidential non-public information that it receives from a Provider. This means that non-public information will not be disclosed, except in connection with supervisory purposes specified by the Requestor, or when asked for by the legislative body in the Requestor's jurisdiction – which may itself be subject to confidentiality rules – where that body could otherwise compel disclosure, or when required to produce documents or testimony by a court in a proceeding in which the Requestor or its government is a party. In any event, a Requestor will provide no less protection to non-public information received from a Provider than it affords its non-public domestic information. In cases involving requests by the legislative body or the courts the Provider should be notified of the outward disclosure, where possible. In all other cases – except in an emergency – the Requestor requires the permission of the Provider to disclose information.

- 8. Reciprocity requirements:** These, too, should not be a strict precondition for the exchange of information, but the principle of reciprocity may be a consideration.

As with formal agreements, reciprocity can often be a way of encouraging and facilitating information exchange but the lack of reciprocity in a particular case should not be used by a provider as the only reason for not exchanging information that it would otherwise have been willing to share, especially in emergency cases.

- 9. Cases which further supervisory purposes:** In order to ensure the integrity of firms and markets, the Provider should permit the Requestor to pass on information for supervisory or law enforcement purposes to other supervisory and law enforcement agencies in its jurisdiction that are charged with enforcing relevant laws, in cases which further supervisory purposes.

The criminal, civil and administrative components of a jurisdiction's securities, banking and insurance laws are sometimes enforced by a number of agencies. Restrictions should not be so onerous that they can prevent the effective sharing of information. For example, exchange of information between supervisors, in cases which further supervisory purposes, should not be subject to the constraint that it cannot be passed to criminal authorities, though this should not be used to circumvent established channels of cooperation.

- 10. Removal of laws preventing supervisory information exchange:** to facilitate cooperation between the supervisors of internationally-active groups, each jurisdiction should take steps to remove or modify those laws and procedures that prevent or impede the exchange of necessary supervisory information.

Laws and procedures can impede information sharing unless there are suitable gateways which allow jurisdictions to share information for supervisory-related purposes.