

**MEMORANDUM OF UNDERSTANDING
CONCERNING THE SHARING OF INFORMATION
BY AND BETWEEN
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
AND
THE OFFICE OF THE COMMISSIONER OF INSURANCE OF PUERTO RICO**

ACUERDOS NO ECONOMICOS
2014-000029

This Memorandum of Understanding (Memorandum) is entered into by and between the Office of the Commissioner of Insurance of Puerto Rico (the Office) and the Board of Governors of the Federal Reserve System (the Board), collectively denominated an Agency or the Agencies.

The Board has supervisory and regulatory responsibilities over various entities, including a state member bank and its subsidiaries, a foreign banking organization with U.S. operations, a bank holding company and its nonbank subsidiaries, a financial holding company and its nonbank subsidiaries, a financial holding company and its nonbank subsidiaries, and an Edge and Agreement Corporation (a Banking Company of Banking Companies). The Office regulates the business of insurance and has supervisory and regulatory responsibility over insurers, agents, and other entities engaged in the business of insurance in the Commonwealth of Puerto Rico (an Insurance Licensee or Insurance Licensees).

Section 307 of the Graham-Leach-Bliley Act (GLBA) instructs the Board and state insurance regulators to coordinate their supervision of companies that control both a depository institution and an insurance licensee and permits the sharing of confidential information relevant to such supervision. The purpose of this Memorandum is to implement Section 307 of GLBA by providing for the mutual sharing of certain confidential information by the Office and the Board to permit the Agencies to perform their respective supervisory functions.

The Board and the Office believe that mutual communication and cooperation between the Board and the Office will facilitate the effective oversight and regulation of companies subject to the concurrent regulatory jurisdiction of both Agencies and of companies regulated by one Agency that are affiliated with companies regulated by the other Agency. Accordingly, to the extent permitted by applicable law, the Office and the Board agree to share certain Confidential Information in the manner described below.

In exchanging information under this Memorandum, each Agency continues to act independently and not as agent for the enforcement actions by the other Agency. Thus, the mechanisms for sharing information under this Memorandum are not to be used to circumvent the rights of individuals and institutions with respect to an enforcement action and are not a substitute for procedures that apply to the use and production of information for enforcement purposes.

As used throughout this Memorandum, the term *Affiliate or Affiliated* means any company that controls, or is controlled by, or is under common control with another company. The term *Confidential Information* means: for the Board: (i) examination or inspection reports and work papers; (ii) internal memoranda; (iii) correspondence between the Board and a regulated entity, or another agency; (iv) reports, in whatever form, prepared by a regulated entity, including for internal use, which are provided to the Board; and (v) any other information that the Board determines to be of a non-public nature; for the Office: information confidential by law or privilege, including examination work papers, analyses of financial condition, draft examination reports, reports of a potential fraudulent activity, and any other information that the Office determines to be of a non-public nature.

To the extent that the information to be shared involves functions performed by or documents in the possession of a Federal Reserve Bank by delegation or by statute, sharing of information by or with a Federal Reserve Bank shall be deemed a sharing of information by or with the Board and shall be subject to this Memorandum.

This Memorandum remains in force until terminated by either Agency.

I. SHARING NON-PUBLIC INFORMATION FOR PURPOSES OF SUPERVISION

A. SHARING BY THE BOARD WITH THE OFFICE

1. Information of an Insurance Licensee

Upon request, the Board agrees to provide the Office with Confidential Information in its possession concerning or affecting an Insurance Licensee that is affiliated with a Banking Company.

2. Other appropriated information

The Board agrees to provide the Office with any other information, including Confidential Information, that the Board believes is necessary or appropriate to permit the Office to administer and enforce the insurance laws of the Commonwealth of Puerto Rico.

3. Coordination of supervisory activities

The Board agrees to provide the Office with information, including Confidential Information, that is necessary or appropriate for the coordination by the Board and the Office of their respective supervisory activities over affiliated Banking Companies or affiliated Insurance Licensees they supervise, including the coordination of examinations by the Board and the Office.

4. Enforcement actions

The Board agrees to notify the Office promptly of any significant enforcement action that the Board has decided to take against a Banking Company with an affiliate Insurance Licensee domiciled in the Commonwealth of Puerto Rico.

B. SHARING BY THE OFFICE WITH THE BOARD

1. Information about affiliated companies

Upon request, the Office agrees to provide the Board with Confidential Information in its possession concerning or affecting an Insurance Licensee that is affiliated with a Banking Company.

2. Other appropriate information

The Office agrees to provide the Board with any other information, including Confidential Information, the Office believes is necessary or appropriate to permit the Board to administer and enforce federal laws applicable to Banking Companies.

3. Coordination of supervisory activities

The Office agrees to provide the Board with information, including Confidential Information, that is necessary or appropriate for the coordination by the Office and the Board of their respective supervisory activities over affiliated Banking Companies or affiliated Insurance Licensees they supervise, including the coordination of examinations by the Office and the Board.

4. Enforcement actions

The Office agrees to notify the Board promptly of any significant enforcement action that the Office has decided to take or, to the extent permitted by applicable law, knows has been taken by another state insurance regulator against an Insurance Licensee domiciled in the Commonwealth of Puerto Rico that is affiliated with a Banking Company.

C. PROCEDURES FOR THE SHARING OF INFORMATION

1. The Board designates the Director of the Division of Banking Supervision and Regulation, and/or his or her designee(s) as its Point(s) of Contact for making and receiving requests for information under this Memorandum. The Office shall designate its Point(s) of Contact for making and receiving requests for information under this Memorandum. Any change in designation of the Point(s) of Contact will be provided to the other Agency as soon as possible. It is expected that each Banking Company with an affiliate Insurance Licensee and that each Insurance Licensee with an affiliate Banking Company will have a respective Point(s) of Contact designated by the Board and the Office.
2. Requests for information under Part I of this Memorandum can be made either in writing or orally. In addition, as appropriate, the Board and the Office may share information under this Memorandum without the submission or a request by the other Agency.
3. The information provided under this Memorandum shall be shared only with appropriate staff of the Receiving Agency (Agency receiving the information).
4. Information provided under this Memorandum may be used for supervisory or regulatory purposes only and disclosed only in accordance with Part I, Section D of this Memorandum.
5. Information in the Board's possession or the Office's possession belonging to another agency may not be shared without permission of that other agency, except as provided in this Memorandum.
6. All requests by the Office for information to be used other than as specified in paragraph 4 of this section are subject to the existing procedures under the Board's rules, 12 C.F.R. Part 261, Subpart C. This means that such requests shall be submitted in writing to the Board's General Counsel for appropriate action. In this regard, a request by the Office to obtain Confidential Information from the Board for use in an enforcement or judicial proceeding is outside of this Memorandum and thus must be submitted in accordance with Board's rules, 12 C.F.R. Part 261, Subpart C.
7. For all requests by the Board for use other than specified in paragraph 4 of this section, the Office will work with Board staff to allow the Board to use the information as proposed consistent with the applicable law of the Commonwealth of Puerto Rico.

D. CONDITIONS OF DISCLOSURE

1. As provided herein, the Board and the Office agree to take all actions reasonably necessary to preserve, protect and maintain all privileges and claims of confidentiality related to Confidential Information exchanged pursuant to Part 1 of this Memorandum, in accordance with applicable state and federal law. The Board and the Office each acknowledge that all Confidential Information provided by the Furnishing Agency (Agency providing the information) to the Receiving Agency remains the property of the Furnishing Agency. The Board and the Office, in the role of the Receiving Agency, agree not to disclose Confidential Information outside of their Agency without the prior written consent of the Furnishing Agency except as provided therein.
2. In the event of termination of this Memorandum, the Board and the Office agree that Confidential Information remains confidential and will continue to be protected under the terms of this Memorandum.
3. Other than as provided in paragraph 4 of this section, if the Receiving Agency receives from a third party a request for Confidential Information furnished under Part I of this Memorandum, or if the Receiving Agency is served with a subpoena, order, or other process requiring production of such Confidential Information or testimony related thereto, the Receiving Agency shall:
 - a. unless prohibited by law (e.g., grand jury subpoena), immediately notify the Furnishing Agency that production is being sought, and afford the Furnishing Agency the opportunity to take whatever action the Furnishing Agency deems appropriate to protect the confidential and/or privileged nature of the non-public information. The Receiving Agency shall cooperate fully in preserving and protecting the full scope of all privileges and claims of confidentiality which may apply to such Confidential Information;
 - b. notify the party seeking production of the Confidential Information that the information is covered by this Memorandum and that requests for release of such information must be made directly to the Furnishing Agency, pursuant to any applicable laws and regulations (12 C.F.R. Part 261, Subpart C for Board information and Article 2.090 of the Insurance Code of Puerto Rico for Office information);

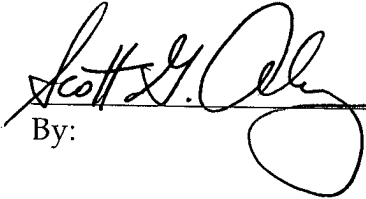
- c. take all reasonable steps to oppose any effort to secure disclosure of Confidential Information pending written permission of the Furnishing Agency;
 - d. consent to application by the Furnishing Agency to intervene in any related action for the purposes of asserting and preserving any privilege(s) and/or claims of confidentiality with respect to the Furnishing Agency's Confidential Information; and;
 - e. cooperate with the Furnishing Agency to determine the appropriate response to an order or demand issued by a court of competent jurisdiction to compel production of Confidential Information.
4. It is expressly agreed and understood that if a duly constituted standing committee of the U.S. Congress or the standing committee of the Legislative Assembly of the Commonwealth of Puerto Rico with authority to request and receive the information requests Confidential Information provided under Part I of this Memorandum, the Board or the Office may comply with the request of their respective legislative body if compliance is deemed compulsory. In complying with the request, the Receiving Agency will use its best efforts to obtain from the requestor a commitment to maintain the confidentiality of the information and advise the legislative body that the information to be produced belongs to the other Agency. The Receiving Agency agrees to advise the Furnishing Agency as promptly as is reasonably possible or such a request prior to complying with any such request.
 5. As provided in section 307(e)(2) of the GLBA, the sharing of information described in this Memorandum shall not constitute a waiver of or otherwise affect any privilege or confidentiality to which the information is subject.
 6. It is expressly agreed and understood that in the event a court of competent jurisdiction issues an order to compel the Receiving Agency to produce Confidential Information covered by this Memorandum, the Receiving Agency may comply with such order following consultation with the Furnishing Agency in accordance with the terms of this Memorandum. The Receiving Agency agrees to advise the Furnishing Agency as promptly as is reasonably possible of such order to compel.

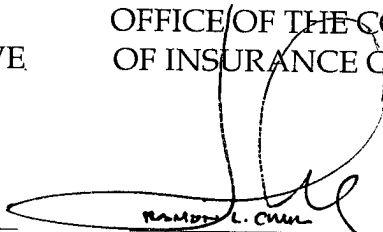
the same manner as consumer complaints received directly by the Board, including referring a complaint to another appropriate regulator. The identity of the complainant or other confidential information that may be contained in the complaint will be protected, except for such disclosure as may be necessary to refer or to investigate a complaint.

The Board or the Office may release aggregate information regarding complaints so long as to the identity of the complainant is not revealed.

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE
SYSTEM

OFFICE OF THE COMMISSIONER
OF INSURANCE OF PUERTO RICO


By:


By: Ramón L. Cruz Colón

By: Ramón L. Cruz Colón, CPCU, ARe, AU
Commissioner of Insurance of Puerto Rico

Executed on October 19, 2009

Executed on October 2, 2009