
Memorandum of Understanding

between

**The China Banking Regulatory
Commission**

and

**The Banking, Finance and Insurance
Commission of Belgium**

25 September 2008

The China Banking Regulatory Commission (“CBRC”) and the Banking, Finance and Insurance Commission of Belgium (CBFA) have reached the following understanding in order to establish an arrangement for the sharing of supervisory information and the enhancing of cooperation in the area of banking supervision.

I. INTRODUCTION

1. The Functions of the Banking Supervisory Authorities

(a) The China Banking Regulatory Commission

Under the Law of the People’s Republic of China (PRC) on Banking Regulation and Supervision adopted in December 2003, the CBRC is responsible for the regulation and supervision of financial institutions taking public deposits, issuing loans, arranging settlement of accounts and engaging in other business in accordance with the Commercial Banking Law of the PRC and the Company Law of the PRC. The CBRC was established in April 2003 by the Decision on the Exercise of Regulatory and Supervisory Functions by the China Banking Regulatory Commission in place of the People’s Bank of China adopted at the First Session of the Standing Committee of the Tenth National People’s Congress.

(b) The Banking, Finance and Insurance Commission of Belgium

The CBFA is an autonomous public institution which has its own legal personality. The CBFA has been vested by the Law of 2 August 2002 on the supervision of the financial sector and on financial services, with the prudential supervision of amongst others credit institutions. Those institutions are licensed by the CBFA pursuant to the Law of 22 March 1993 on the legal status and supervision of credit institutions. Pursuant to the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and terrorism financing, the CBFA supervises compliance by credit institutions with anti-money laundering and counter-terrorism financing obligations.

2. The CBRC and the CBFA agree to work to:

- (a) ensure that the activities of the cross-border branches, representative offices and subsidiaries of banking organisations under their respective jurisdictions are prudently conducted;**
- (b) ensure that the head offices and parent banking organisations exercise adequate and effective control over the operations of their cross-border branches and subsidiaries; and**

- (c) ensure that their respective ongoing supervision of banking organisations effectively covers cross-border banking establishments on a consolidated basis and assist each other in performing such function.

II. DEFINITIONS

3. For the purpose of this Memorandum:

- (a) “banking organisation” shall mean in the PRC, an enterprise legal person which is established to take public deposits, issue loans, arrange settlement of accounts and engage in other business in accordance with the Commercial Banking Law of the PRC and the Company Law of the PRC, and shall mean under Belgian legislation, a credit institution, i.e. an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its account. A 'bank' is a credit institution;
- (b) “cross-border establishment” shall mean the cross-border establishment of branches, representative offices or subsidiaries by their home head office or parent banking organisation;
- (c) “Authorities” shall mean the CBRC and the CBFA;
- (d) “jurisdiction” shall mean the country, state or other territory, as the case may be, in which the CBRC or the CBFA has legal authority, power and/or jurisdiction by law;
- (e) “Home Authority” shall mean the authority of the jurisdiction where the home head office or parent banking organisation is established;
- (f) “Host Authority” shall mean the authority of the jurisdiction where cross-border establishments are established;
- (g) “Requested Authority” shall mean the authority to whom a request is made pursuant to this Memorandum of Understanding; and
- (h) “Requesting Authority” shall mean the authority that makes a request pursuant to this Memorandum of Understanding.

III. INFORMATION SHARING

- 4. The Authorities recognize the importance and desirability of mutual assistance and exchange of information. Information should be shared to the extent possible and subject to any relevant statutory provisions, including those restricting disclosure.

5. Information-sharing includes contact during the authorisation and licensing process, relating to supervision of on-going activities and handling of problem situations.
6. In connection with the authorisation process, information sharing includes amongst other things, the following:
 - (a) the Host Authority should notify the Home Authority, without delay, of applications for approval to establish a cross-border establishment;
 - (b) upon request, the Home Authority should inform the Host Authority whether the applicant banking organisation is in compliance with applicable laws and regulations and whether it may be expected, given its administrative structure and internal controls, to manage the cross-border establishment in an orderly manner. The Home Authority should also, upon request, assist the Host Authority by verifying or supplementing any information submitted by the applicant banking organization;
 - (c) upon request, the Home Authority should inform the Host Authority about the nature of its regulatory system and extent to which it will conduct consolidated or group-wide supervision of the applicant banking organisation. Similarly, the Host Authority should indicate the nature of its regulatory system and the extent to which it will supervise the cross-border establishments of the applicant banking organization; and
 - (d) to the extent permitted by law, the Home and Host Authorities should share information on the fitness and propriety of prospective managers of a cross-border establishment.
7. In connection with the ongoing supervision of cross-border establishments, the Authorities intend to:
 - (a) provide relevant information to their counterpart regarding material developments or material supervisory concerns in respect of the operations of a cross-border establishment;
 - (b) respond to requests for information on their respective national regulatory systems and inform each other about major changes, in particular those which have a significant bearing on the activities of cross-border establishments;
 - (c) inform their counterpart of material administrative penalties imposed, or other formal enforcement action taken, against a cross-border establishment. Prior notification shall be made, as far as practicable and subject to applicable laws;
 - (d) facilitate the transmission of any other relevant information that might be required to assist with the supervisory process; and

- (e) to the extent permitted by their respective national law and procedures, provide each other with any relevant factual information which they believe to be helpful to the other Authority for the discharge of its functions (unsolicited information).
8. The term “material supervisory concern” encompasses a matter relating to (a) whether the operations of a banking organisation are conducted in a safe and sound manner and substantially in conformity with applicable prudential standards; (b) whether there has been evidence of a material violation of law; or (c) events that would have a material adverse effect on the financial stability of banking organisations in the jurisdiction of the other authority. A material supervisory concern as described herein would include concerns that arise from actions of cross-border establishments of the banking organisation.
9. Where remedial action is called for to address a material supervisory concern as described above, each authority will endeavour to notify the other authority prior to it taking the appropriate action or, as circumstances dictate, as soon thereafter as practicable.
10. In carrying out the undertakings stipulated above in the case of a PRC or Belgian banking organisation facing serious financial difficulties that could have a material adverse impact on the operations of such banking organisation in the respective host jurisdiction, the Authorities recognize that close liaison between them would be mutually advantageous. The Authorities will endeavour to communicate such information as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts by the Home Authority to resolve the bank’s difficulties and restore confidence in the bank.
11. The Authorities shall co-operate and share relevant information in the process of decision-making with regard to granting permission (consent) to acquiring shares (stakes) by financial institutions registered in one country of a banking organisation registered in the other country. The term “acquisition” shall mean the acquisition of a participatory interest in the authorized capital of a banking organization registered within the PRC or Belgium in the amount that requires, under national legislation, preliminary permission (consent) from the appropriate banking supervisory authority.
12. Requests for information should normally be made in writing in English. However, when there is a need for expedited action, requests may be initiated in any form, including orally, but should be confirmed subsequently in writing. The authority receiving such requests will endeavor to provide the information as quickly as possible.

IV. ON-SITE EXAMINATIONS

13. The Authorities recognize that cooperation is particularly useful in assisting each other in carrying out on-site inspections of cross-border establishments in the host jurisdiction. Therefore the host Authority will allow the home Authority to conduct on-site inspections on its territory.
14. The Home Authority shall give the Host Authority advance notice of its intention to conduct an on-site examination of cross-border establishments in the host country. The Host Authority may assist in such examinations and inform the Home Authority of any subject matter in which it has a particular concern or interest.
15. The Home Authority may request on an exceptional basis the Host Authority to conduct an on-site examination of cross-border establishments in the host country. The Authorities will endeavour to establish the basis and terms upon which such examinations are to be conducted.
16. In addition to the procedures outlined in chapter III, upon written request signed by an authorized official of the Requesting Authority, the Requested Authority may, to the extent permitted by law, provide the Requesting Authority with information contained in reports of examinations or inspections concerning the cross-border establishment that is obtained as part of the supervisory process. Such information normally would not include customer account information unless this is of particular relevance only to the supervisory concern prompting the request.
17. As may be mutually agreed between the Authorities, examinations may be carried out by the Home Authority alone, or accompanied by the Host Authority. Following the examination, an exchange of views should take place between the examination team and the Host Authority. The reports of the on-site inspection will be exchanged between Authorities for informative purposes, to the extent permitted by Law.

V. CONFIDENTIALITY

18. Any confidential information shared pursuant to this Memorandum shall be used only for lawful supervisory purposes.
19. To the extent permitted by law, the Authorities shall hold confidential all information received from each other pursuant to this Memorandum and will not otherwise disclose such information other than in accordance with such conditions (if any) attached by the other Authority to the provision of such information and as necessary to carry out its lawful supervisory responsibilities.

20. Subject to the provisions of paragraphs 18-19 above, with regard to (not legally compelling) requests from third parties for confidential information provided pursuant to this Memorandum, the party receiving such requests shall, as soon as feasible prior to releasing such information, notify the providing party and solicit the providing party's previous consent for releasing such information to the third party, and shall cooperate in seeking to preserve the confidentiality of such information.
21. All documents provided pursuant to this Memorandum shall remain the property of the authority providing such information. Subject to the provisions of paragraphs 18-20 above, if the CBRC or the CBFA is legally compelled to disclose any confidential information provided pursuant to this Memorandum, the CBRC or the CBFA, as the case may be, will promptly notify the Authority that originated the information and will co-operate in seeking to preserve the confidentiality of such information, using all reasonable legal means.
22. The sharing of confidential information pursuant to this Memorandum is done in reliance on the foregoing assurances and shall not constitute a waiver of any legally cognizable privilege.
23. The CBRC and the CBFA, in providing confidential written materials pursuant to this Memorandum, should mark every page of the materials provided with a legend reading substantially as follows:

**“CONFIDENTIAL - PROVIDED PURSUANT TO CBRC/CBFA
MEMORANDUM OF UNDERSTANDING”.**

VI. MEETINGS OF THE AUTHORITIES

24. Representatives of the Authorities intend to hold meetings in case of necessity to discuss general developments in banking organisations, which maintain operations in both the PRC and Belgium. In addition, every effort shall be made to encourage continuous and informal contacts between the staff of the Authorities.

VII. FINANCIAL CRIME

25. The Authorities co-operate closely when they identify suspected financial crime activities in supervised institutions and financial transactions. To this end, they shall endeavor, to the extent allowed by their respective domestic legal framework, to facilitate the exchange of information that will assist the other Authority to fulfill its supervisory role.

VIII. GENERAL PROVISIONS

26. The provision of, or request for, information under this Memorandum may be denied
- (a) where compliance would require the CBRC or the CBFA to act in a manner that would violate applicable domestic law or any agreement entered into before the date of this Memorandum;
 - (b) (i) when compliance with a request or provision of information would interfere with an investigation in circumstances where the prejudice to the investigation is likely to outweigh the adverse effects of denying the information, or (ii) when the same persons referred to in the request have already been the subject of criminal proceedings or final sanctions on the same charges in the jurisdiction of the Requested Authority, unless (iii) the Requesting Authority can demonstrate that the relief or sanctions sought in any proceedings initiated by the Requesting Authority would not be of the same nature or duplicative of any relief or sanctions obtained in the jurisdiction of the Requested Authority; or
 - (c) on grounds of public interest or national security.

Where a request for assistance is denied, or where assistance is not available under domestic law, the requested Authority will provide the reasons for not granting the assistance.

27. This Memorandum shall be effective from the date of its signing. It shall continue in effect subject to modification by the mutual consent of the Authorities. If one of the Authorities considers that it can no longer cooperate in the framework of the present agreement, it will inform the other Authority accordingly in writing, within the best delays, while giving a notice of at least thirty days. In any event, the provisions set forth under the headings "Confidentiality" and "General Provisions" are to continue with respect to any information provided or actions taken under this Memorandum prior to its termination.
28. This Memorandum is a statement of intent and does not, and is not intended to, create any legally binding obligations on either Authority.

IX. MISCELLANEOUS

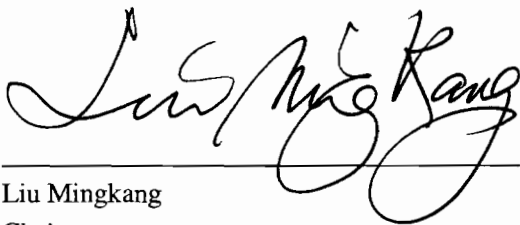
29. This Memorandum is made in two copies in English.
30. Annex A contains a list over designated contact officers, which shall be updated as necessary.

This Memorandum is

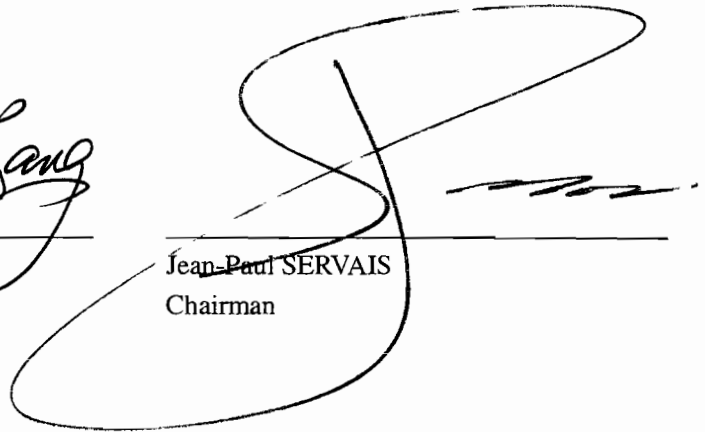
signed in *Brussels* (PLACE) signed in *Brussels* (PLACE)
on *25, Sept. 2008* (DATE) on *25, Sept 2008* (DATE)

For the China Banking Regulatory Commission

For the Banking, Finance and Insurance
Commission of Belgium



Liu Mingkang
Chairman



Jean-Paul SERVAIS
Chairman