



中国银行业监督管理委员会
China Banking Regulatory Commission



The Central Bank of Jordan

MEMORANDUM OF UNDERSTANDING

Between

China Banking Regulatory Commission (CBRC)

And

The Central Bank of Jordan (CBJ)

China Banking Regulatory Commission (CBRC) and the Central Bank of Jordan (CBJ) 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) 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 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) Central Bank of Jordan

The Central bank of Jordan (CBJ) is the banking supervisor for the Hashemite Kingdom of Jordan (HKJ) and operates pursuant to the Central Bank of Jordan Law number 23 of 1971. Its objectives are to maintain monetary stability in the Kingdom, to ensure the convertibility of the Jordanian Dinar, contribute to achieving the banking and financial stability in the Kingdom and to promote the sustained growth of the Kingdom's economy in accordance with the general economic policy of the government.

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

- (a) Ensure that the operations 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 assists each other in performing such function.**

II. DEFINITIONS

3. For the purpose of this Memorandum of Understanding (MoU):

- (a) "banking organisation" shall include any entity or group authorized to conduct banking business/activities, and whose activities are subject to licensing and banking supervision under the laws of the PRC and HKJ;**

- (b) “Cross-border establishment” is defined to include a branch, a representative office, a subsidiary or any other entity of a banking group within their respective Jurisdiction which gives rise to the need for consolidated supervision;
- (c) “Authorities” shall mean the CBRC and the CBJ;
- (d) “Jurisdiction” shall mean the country, state or other territory, as the case may be, in which the CBRC or the CBJ has legal authority, power and/or jurisdiction by law;
- (e) “Home Authority” shall mean the authority of the country where the parent banking organisation is established;
- (f) “Host Authority” shall mean the authority of the country where cross-border establishments are established;
- (g) “Requested Authority” shall mean the authority to whom a request is made pursuant to this Memorandum; and
- (h) “Requesting Authority” shall mean the authority that makes a request pursuant to this Memorandum;
- (i) “Branch”: a structure created by a banking entity and supervised by the host authority, without legal personality but with a degree of management authority;
- (j) “Subsidiary”: banking entity controlled by another authorized establishment (parent) or holding company through the ownership of greater than (50%) of equity shares or voting rights and/or control its management or general policies.

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 reasonable and legally permissible subject to any relevant statutory provisions, including those restricting disclosure and banking secrecy laws.
5. Information-sharing includes, without being limited to, contact during the authorisation and licensing process, relating to supervision of on-going activities of such cross-border establishment, and handling of problem situations.
6. In connection with the authorisation and licensing process:
 - (a) Upon request, the Home Authority should inform the Host Authority whether the applicant banking organisation is in substantial 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 organisation;

- (b) Upon request, the Home Authority should inform the Host Authority about the nature of its regulatory and supervisory system and the 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 and supervisory system and the extent to which it will supervise the cross-border establishments of the applicant banking organisation; and
 - (c) To the extent permitted by law, the Home and Host Authorities should share information on the fitness and properness of the 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 or activities 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 actions taken, against a cross-border establishment. Prior notification shall be made, as far as practicable and subject to applicable laws; and
 - (d) Facilitate the transmission of any other relevant information that might be required to assist with the supervisory process.
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; (c) events that are related to significant reputational risk; or (d) 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 the HKJ 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 organisation registered within the PRC or the HKJ 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.
13. The Home Authority may request the Host Authority to provide information regarding regulatory standards on cross-border establishments.

IV. ON-SITE EXAMINATIONS

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. 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 information unless this is of particular relevance only to the supervisory concern prompting the request.
In any case the Requesting Authority requests any customer information, the Requested Authority may make decision of providing such information or not in the law framework and by its own supervisory consideration. In any case the Requested Authority agrees to provide any customer information, such information should be treated as confidential information of Part VI.
16. As may be mutually agreed between the Authorities, examinations may be carried out by the Home Authority alone, or accompanied by the Host Authority. During the examination, the examination team should enhance information sharing with the Host Authority. Following the examination, an exchange of views may take place between the examination team and the Host Authority according to circumstances.

V. CRISIS MANAGEMENT

17. In connection with cross-border cooperation on crisis management:

- (a) For a cross-border establishment and its head office or parent banking organisation affected by crisis, the Home and Host Authorities should consider together possible issues and barriers that may arise in cross-border cooperation and seek potential solutions.
- (b) The Home Authority is entitled to hold special meetings about a specific cross-border establishment and its head office or parent banking organisation of concern as appropriate. The Host Authority may propose to hold special meetings about a specific cross-border establishment and its head office or parent banking organisation of concern as appropriate.
- (c) The Home and Host Authorities should inform their counterparts, on a timely basis, of the arrangements for crisis management developed for a specific cross-border establishment and its head office or parent banking organisation.
- (d) When a need arises, the Authorities should share, at minimum, the following information:
 - Assessments on systemic impact, liquidity, solvency and contingency funding plans of a specific cross-border establishment and its head office or parent banking organisation;
 - Other contingency arrangements; and
 - Contingency liquidation arrangements developed by a cross-border establishment in the event of bankruptcy.
- (e) To assist the Host Authority responsible for a specific cross-border branch, the Home Authority, where necessary, shall require the head office of the branch to provide, on a timely basis, its liquidity support measures and solutions for the branch.
To assist the Host Authority responsible for a specific cross-border subsidiary, the Home Authority, where necessary, shall require the parent banking organisation of the subsidiary to provide, on a timely basis, its initiatives and solutions for liquidity assistance to as well as other supporting measures for the subsidiary.
- (f) Where permitted by legal frameworks and confidentiality arrangements, the Home and Host Authorities should provide their counterparts with the aforesaid information within a prescribed time period. In cases where the Requested Authority fails to provide relevant information on a timely basis, the Requesting Authority is entitled to, at its discretion, take special supervisory measures to safeguard its domestic financial market as appropriate.

VI. CONFIDENTIALITY

18. Any confidential information shared pursuant to this MoU 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 MoU 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. In this regard, employees of both supervisory authorities are generally bound by professional secrecy rules to hold confidential all information obtained in the course of their duties.

20. All documents provided pursuant to this MoU shall remain the property of the authority providing such documents. Subject to the provisions of paragraphs 18-19 above, if the CBRC or the CBJ is legally compelled to disclose any confidential information provided pursuant to this MoU, the CBRC or the CBJ, as the case may be, will promptly notify the other Authority that originated the information and will co-operate in seeking to preserve the confidentiality of such information.
21. Subject to the provisions of paragraphs 18-20 above, with regard to requests from third parties for confidential information provided pursuant to this MoU, 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 views as to the propriety of releasing such information to the third party, and shall cooperate in seeking to preserve the confidentiality of such information.
22. The sharing of confidential information pursuant to this MoU is done in reliance on the foregoing assurances and shall not constitute a waiver of any legally cognizable privilege.
23. The CBRC and the CBJ, in providing confidential written materials pursuant to this MoU, should mark every page of the materials provided with a legend reading substantially as follows:

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

24. In providing the confidential information by electronic format or transferring the electronic documents through the internet, such information should be encrypted appropriately and transferred between trusted identities of both authorities using safe electronic tunnel. The Requested Authority should have appropriate arrangement to store, transfer and control the scope of confidential information internally.

VII. MEETINGS OF THE AUTHORITIES

25. 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 the HKJ. In addition, every effort shall be made to encourage continuous and informal contacts between the staff of the Authorities.

VIII. GENERAL PROVISIONS

26. The provision of, or request for, information under this MoU may be denied (a) where compliance would require the CBRC or the CBJ to act in a manner that would violate applicable law or any agreement entered into before the date of this MoU; (b) 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 (c) on grounds of public interest or national security.

27. This MoU shall be effective from the date of its signing. It shall continue in effect for a period of one year from the latest date entered below and shall automatically be renewed each year subject to modification by the mutual consent of the Authorities, provided, however, that 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 MoU prior to its termination.
28. This MoU is a statement of intent and does not, and is not intended to, create any legally binding obligations on either Authority.

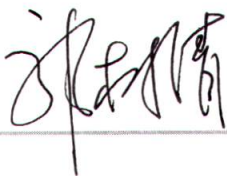
IX. MISCELLANEOUS

29. This MoU is written in English in duplicate, both text being equally authentic and each Authority obtaining a copy.
30. Annex A contains a list of designated contact officers, which shall be updated as necessary.

On behalf of:

China Banking Regulatory Commission

Central Bank of Jordan



Mr. Guo Shuqing
Chairman



Dr. Ziad Fariz
Governor

Date: 2017.6.15

Date: June 15, 2017