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November 2022

**Memorandum of Understanding**

**between**

**China Banking and Insurance Regulatory  
Commission**

**and**

**Bank of England (including in its capacity  
as the Prudential Regulation Authority)**

The China Banking and Insurance Regulatory Commission (CBIRC) and the Bank of England ('the Bank') have reached the following understanding in order to establish an arrangement for the sharing of supervisory information and the enhancing of cooperation and investigative assistance in the area of banking and insurance supervision; and to facilitate timely and effective supervision, to identify risks to the financial system and, where necessary, to address emergency/crisis situations, especially in instances where emergency/crisis situations involve firms with cross-border operations in People's Republic of China or the United Kingdom in the area of banking and insurance supervision.

## **I. INTRODUCTION**

### **1. The Functions of the Banking and Insurance Supervisory Authorities**

#### **(a) China Banking and Insurance Regulatory Commission**

Under the Law of the People's Republic of China (PRC) on Banking Regulation and Supervision, and the Insurance Law of the People's Republic of China, the CBIRC is responsible for the regulation and supervision of financial institutions underwriting insurance and 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 CBIRC is a ministerial institution directly under the State Council of the People's Republic of China (PRC). The CBIRC is authorized by the State Council to conduct administration, supervision and regulation of the Chinese banking and insurance market to ensure the proper operation, legality and stable development of the market.

#### **(b) Bank of England**

The Bank of England, together with the Financial Conduct Authority (FCA), forms the United Kingdom's "twin peaks" financial services regulatory structure. The Bank has an objective to promote the good of the people of the United Kingdom by maintaining monetary and financial stability. The Bank has particular responsibilities including to supervise certain market infrastructure (including recognised payment systems, securities settlement systems and central counterparties) and as the UK's resolution authority. For the purposes of this MoU, references to 'the Bank' should also be taken to mean in its capacity as the Prudential Regulation Authority ('the PRA'). The PRA, which is part of the Bank (and is overseen by the Bank's Prudential Regulation Committee), is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA has three statutory objectives. These are: a general objective to promote the safety and soundness of the firms it regulates; an insurance specific objective to ensure the protection of those who are or will become policyholders; and, a secondary objective to facilitate effective competition in relevant markets. In carrying out its functions, the PRA will consider taking enforcement action against firms and/or individuals

as it considers appropriate to support the exercise of its supervisory judgment.

2. The CBIRC and the Bank agree to work to:

- (a) ensure that the operations of the cross-border branches, representative offices and subsidiaries of banking and insurance organizations under their respective jurisdictions are prudently conducted;
- (b) ensure that the head offices and parent banking and insurance organizations 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 and insurance organizations effectively covers cross-border banking and insurance establishments on a consolidated basis and assists each other in performing such functions.

## II. DEFINITIONS

3. For the purpose of this Memorandum:

- (a) "banking organization" 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 in the United Kingdom, an authorized person by the PRA within the meaning of section 31 of the Financial Services and Markets Act 2000 (in respect of deposit-takers (including banks, building societies and credit unions));
- (b) "insurance organization" shall mean in the PRC, a legal entity which underwrites insurance, and regulated by the CBIRC, and shall mean in the United Kingdom, an authorized person by the PRA within the meaning of section 31 of the Financial Services and Markets Act 2000 (in respect of insurers);
- (c) "cross-border establishment" shall mean a branch, representative office or subsidiary of a banking or insurance organization or parent banking or insurance organization, in a country other than the country in which the banking or insurance organization's head office or parent banking or insurance organization is established;
- (d) "Authorities" shall mean the CBIRC and the Bank;
- (e) "the Bank" means the Bank of England (including the PRA);
- (f) "CBIRC" means the China Banking and Insurance Regulatory Commission;



- (g) "PRA" means the Bank acting in its capacity as the Prudential Regulation Authority, which is both the prudential regulator and supervisory arm of the Bank;
- (h) "jurisdiction" shall mean the country, state or other territory, as the case may be, in which the CBIRC or Bank has legal authority, power and/or jurisdiction by law;
- (i) "Home Authority" shall mean the supervisory authority of the country where the parent banking/insurance organization is established;
- (j) "Host Authority" shall mean the supervisory authority of the country where cross-border establishments are established;
- (k) "Requested Authority" shall mean the Authority to whom a request is made pursuant to this Memorandum;
- (l) "Requesting Authority" shall mean the Authority that makes a request pursuant to this Memorandum;
- (m) "emergency/crisis situation" means where an Authority (or the Authorities) is seeking urgently to manage a circumstance where a firm is or can reasonably be expected to be financially impaired, such that it will or is likely to affect adversely the operations of the firm resulting in damage to financial stability and the wider financial system;
- (n) "resolution" means action taken by an Authority to address an emergency/crisis situation, the impact of which, if left unattended, threatens financial stability and the financial system. Such actions might typically include (but are not necessarily limited to) facilitating the orderly failure of a firm; legal and judicial action; administration, receivership, liquidation or the facilitation of the sale or merger of a troubled firm/financial institution.

### 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 for the purposes set out in paragraph 2 above and subject to any relevant statutory provisions or other legal restrictions, including those restricting disclosure.
5. Information-sharing includes contact during the authorization and licensing process, relating to supervision of on-going activities and handling of problem situations, including resolution.
6. In connection with the authorization process:

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- (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/insurance organization 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/insurance organization;
  - (c) upon request, the Home Authority should inform the Host Authority about the nature of its regulatory system and the extent to which it will conduct consolidated or group-wide supervision of the applicant banking/insurance organization. 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/insurance organization; and
  - (d) to the extent permitted by law, the Home and Host Authorities should share relevant information on the fitness and propriety of prospective managers and directors 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 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/insurance organization 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/insurance organizations 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/insurance organization.

9. Where remedial action is called for to address a material supervisory concern as described above, each Authority will endeavor 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 approach described above in the case of a PRC or the United Kingdom banking/insurance organization facing serious financial difficulties that could have a material adverse impact on the operations of such banking/insurance organization in the respective host jurisdiction, the Authorities recognize that close liaison between them would be mutually advantageous. The Authorities will endeavor 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 and/or Host Authority to resolve the banking/insurance organization's difficulties and restore confidence in the banking/insurance organization.
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 banking/insurance organizations registered in one country of a banking /insurance organization registered in the other country. The term "acquisition" shall mean the acquisition of a participatory interest in the authorized capital of a banking /insurance organization registered within the PRC or the UK in the amount that requires, under national legislation, preliminary permission (consent) from the appropriate banking/insurance 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. PROCEDURE FOR REQUESTS**

13. Requests for the provision of information or other assistance, including in an emergency or crisis situation will be made in writing (including by email), or made orally and, unless otherwise agreed, confirmed in writing within ten business days. To facilitate assistance, the Requesting Authority should specify in any written request:
  - (a) the information or other assistance requested (identity of persons, specific questions to be asked etc.);

- (b) if information is provided by the Requesting Authority for confirmation or verification, the information and the kind of confirmation or verification sought;
- (c) the purpose for which the information or other assistance is sought;
- (d) the desired time within which the information sought should be provided;
- (e) to whom, if anyone, onward disclosure of information provided to the Requesting Authority is likely to be necessary and, in relation to onward disclosure to a person who is not a permitted onward recipient, the purpose such disclosure would serve;
- (f) if the request for assistance is for the purpose of actual or possible enforcement action, the matters set out in clause 1 of Appendix A; and
- (g) any other matters specified by the Requested Authority and by the applicable laws, regulations and requirements in relation to the Requested Authority.

#### **V. ASSESSING REQUESTS**

14. Each request for assistance will be assessed on a case-by-case basis by the Requested Authority, to determine whether assistance can be provided (either in part or in whole) under the terms of this MoU. In any case where the request cannot be fulfilled in part or whole, the Requested Authority will consider whether there may be other assistance that can be given by itself or by any other Authority in its jurisdiction and, wherever possible, will endeavour to provide this.
15. In an emergency/crisis situation, the Authorities will each endeavour to notify the other of its nature and communicate information to the other as would be appropriate pertaining to the particular circumstances, taking into account all relevant factors, including the status of efforts to address the emergency/crisis situation in question. Wherever and to the extent possible, the Authorities will co-operate in seeking potential solutions, especially in instances where cross-border entities (that have their head offices located in either Authorities' jurisdictions) are adversely affected by the situation.
16. In deciding whether and to what extent to fulfil a request, the Requested Authority may take into account:
- (a) whether the request conforms with this MoU;
  - (b) whether the request involves the administration of a law, regulation or requirement which has no close parallel in the jurisdiction of the Requested Authority;



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- (c) whether the provision of assistance would be so burdensome as to disrupt the proper performance of the Requested Authority's functions;
  - (d) whether it would be otherwise contrary to the public interest or the essential national interest of the Requested Authority's jurisdiction to give the assistance sought;
  - (e) if the request for assistance is for the purpose of actual or possible enforcement action, the further matters set out in clause 2 of Appendix A;
  - (f) any other matters specified by the laws, regulations and requirements of the Requested Authority's jurisdiction (in particular those relating to confidentiality and professional secrecy, data protection and privacy, and procedural fairness);
  - (g) the reason for the request; and
  - (h) whether complying with the request may otherwise be prejudicial to the performance by the Requested Authority of its functions.
17. The Authorities recognise that assistance may be denied in whole or in part for any of the reasons mentioned in paragraph 16 in the discretion of the Requested Authority.

#### **VI. ON-SITE EXAMINATIONS**

18. 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 notice shall indicate the purpose and scope of the examination. 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.
19. 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 and any such information shall always be treated as confidential information by the Requesting Authority and handled in accordance with Chapter VIII of this MoU.
20. 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



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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.

21. If a third party is to be appointed by the Home Authority to conduct cross-border on-site examination in the host country, in order to regulate the conduct of the third party, the Home Authority shall submit to the Host Authority a confidentiality commitment letter jointly with the third party before examination.
22. The content of the commitment letter includes, but is not limited to, that the information obtained from cross-border examination shall be used solely for the purpose of regulatory needs of the Home Authority to the extent authorized by the law; Without the consent of both Parties, the third party shall not disclose any information obtained from cross-border examination to anyone other than the Home Authority that appointed it to conduct the cross-border on-site examination. Further, that information as disclosed to the Home Authority by the third party is to be treated for the purposes of this MoU as if it were obtained by the Home Authority itself during an on-site examination, as described in this Chapter VI.

#### **VII. INSTITUTION LEVEL CRISIS MANAGEMENT AND RECOVERY & RESOLUTION PLANNING**

23. In connection with cross-border cooperation on crisis management and to the extent permitted by the respective laws of the Home and Host Authorities:
  - (a) for a cross-border establishment of a banking/insurance organisation and its head office or parent banking/insurance organization 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/insurance organization 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 /insurance organization 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/insurance organization;

- (d) the Authorities should provide their counterparts, on a timely basis, with information pertaining to deposits protection arrangements (where relevant) for a specific cross-border branch under their respective jurisdictions.
- (e) where permitted by legal frameworks and confidentiality arrangements, the Home and Host Authorities should provide their counterparts with the aforesaid information within a reasonable 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;
- (f) to the extent practicable and as appropriate in the particular circumstances, each Authority will endeavour to inform the other Authority in advance of regulatory changes relating to resolution measures, especially any which will or may have a significant, material impact on the operations or activities of a firm in the other jurisdiction. This will, however, be without prejudice to any arrangements relating to specific prudential issues;
- (g) to the extent that any 'Co-operation Agreement' (COAG) is established between the Authorities<sup>1</sup> at a future date, this will aim, subject to the agreement of the Authorities, to set out how to bring about contingency planning and, as necessary, an orderly resolution of a crisis involving a specific institution, minimising the impact of any failure. Where appropriate, the detailed 'Co-operation Agreement' will take account of the approach that has been developed by the FSB ("Information sharing for Resolution Purposes").

#### VIII. CONFIDENTIALITY

24. Any confidential information shared pursuant to this Memorandum shall be used only for lawful supervisory and resolution purposes and solely for the purposes designated in this Memorandum.
25. 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 conditions (if any) attached by the other Authority to the provision of such information and as necessary to carry out its lawful supervisory and resolution responsibilities.
26. All documents provided pursuant to this Memorandum shall remain the

<sup>1</sup> For the PRA, any 'Co-operation Agreement' will be developed with the Resolution Directorate of the Bank of England (as the resolution authority of the United Kingdom), in consultation with the resolution authority of the counter-party to this Memorandum of Understanding.



property of the Authority providing such information. Subject to the provisions of paragraphs 22-23 above, if the CBIRC or the Bank is legally compelled to disclose any confidential information provided pursuant to this Memorandum, the CBIRC or the Bank, 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.

27. Subject to the provisions of paragraphs 22-24 above, with regard to 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 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.
28. 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.
29. The CBIRC and the Bank, 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 CBIRC/BANK OF ENGLAND MEMORANDUM OF UNDERSTANDING".**

30. The Authorities may, to the extent permitted by law, provide confidential information, or arrange for confidential information to be provided, on a voluntary basis, even though no request has been made.
31. 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 channel. The Requested Authority should have appropriate arrangements to store, transfer and control the scope of confidential information internally.

#### **IX. ENFORCEMENT**

32. The Authorities will consider taking enforcement action against firms and/or individuals as they consider appropriate to support the exercise of their supervisory judgement. The intention in deploying enforcement powers may include: reinforcing the Bank/CBIRC's objectives and priorities; changing, and promoting high standards of, regulatory behaviour; the need to send a clear signal to a firm and to the regulated community more widely, about the circumstances in which the Bank/CBIRC considers a firm's and/or individuals' behaviour to be unacceptable; and deterring future misconduct.



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33. The Authorities recognise that there may be circumstances in which one or the other of them wishes to take enforcement action in a situation where the other Authority has a regulatory interest. Appendix A sets out what the Authorities have agreed with respect to such cases, and in relation to requests for assistance in enforcement matters.

**X. MEETINGS OF THE AUTHORITIES**

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

**XI. GENERAL PROVISIONS**

35. The provision of, or request for, information under this Memorandum may be denied (a) where compliance would require the CBIRC or the Bank to act in a manner that would violate applicable law or any agreement entered into before the date of this Memorandum; (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.

36. This Memorandum 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 (and subject to the paragraph on termination below), 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 Memorandum prior to its termination. It may be amended by agreement in writing.

37. This Memorandum will continue to have effect until terminated by either Authority giving 30 days' advance written notice to the other Authority.

38. This Memorandum is a statement of intent and does not, and is not intended to, create any legally binding obligations on either Authority.

**XII. MISCELLANEOUS**

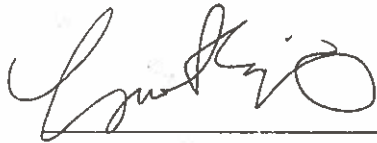
39. This Memorandum is made in two copies in English language, one for each of the Authorities. The parties agree to this MoU being made publicly available within the United Kingdom only.

40. Annex A contains a list of designated contact officers/employees, which shall be updated as necessary.

This Memorandum is signed by correspondence.

For China Banking and Insurance Regulatory  
Commission

For the Bank of England (including in  
its capacity as the Prudential  
Regulation Authority)



Guo Shuqing  
Chairman  
China Banking and Insurance Regulatory  
Commission

Sam Woods  
Chief Executive Officer of the  
Prudential Regulation Authority and  
Deputy Governor, Prudential  
Regulation, Bank of England

DATE: 2022 - 11 - 15

DATE: 23/1/2023

## **APPENDIX A: Further Procedures for Enforcement Matters**

### **Further details to be contained in requests for assistance**

1. If a request for assistance as described in this MoU relates to actual or possible enforcement action, the following further details will be contained in the request:
  - a) a description of the conduct or suspected conduct which gives rise to the request;
  - b) details of the applicable law, regulation or requirement to the administration of which the request is relevant;
  - c) the link between the specified rule or law and the regulatory functions of the Requesting Authority;
  - d) the relevance of the requested assistance to the specified rule or law; and
  - e) whether it is desired that, to the extent permitted by the laws applying to the Requested Authority, any persons from the country of the Requesting Authority should be present during interviews which form part of an investigation, and whether it is desired that such persons should be permitted to participate in the questioning (as to which see clause 3 below).

### **Further ground for denial of request**

2. If a request for assistance, as described in this MoU, relates to actual or possible enforcement action, the following further matter may be taken into account by the Requested Authority in determining whether to fulfil the request in whole or in part:

whether the request would lead to the prosecution of, or the taking of disciplinary or other enforcement action against, a person who in the opinion of the Requested Authority has already been appropriately dealt with in relation to the alleged breach, in respect of the subject matter of the request.

### **Requests to Sit in**

3. If, following a request from the Requesting Authority, the Requested Authority conducts an interview of any person, the Requested Authority may permit a representative of the Requesting Authority to attend such an interview and to ask questions. Such requests will be in accordance with the applicable laws, regulations and requirements of the Requested Authority.



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Requests for such assistance should conform to any published guidance for the making of such requests issued by the Requested Authority.

**Joint Investigations**

4. The Authorities acknowledge that, subject to secrecy and confidentiality issues, an investigation, where it concerns suspected breaches of the law of both jurisdictions, may be conducted more effectively by the establishment of a joint investigation involving members from both Authorities.
5. The Authority suggesting the joint investigation will advise the other Authority of the background to the request for a joint investigation, and will liaise with the other Authority to determine the likely objectives of the joint investigation, the expected resources required and the approximate duration of the proposed joint investigation. Each Authority will advise the other as soon as possible as to whether it will agree to such an investigation.
6. If the Authorities agree to take part in a joint investigation, an agreed initial action plan will be prepared setting out, among other things, the objectives, expected duration, funding, publicity and accountability arrangements, management of the joint investigation, and allocation of responsibilities.
7. Suggestions to the CBIRC for a joint investigation should be made, through the Head of the CBIRC International Department. Suggestions to the Bank should be made to the Head of Legal in the Enforcement and Litigation Division of the Bank's Legal Directorate.