Published: 2017-01-25 Source: Policy Research Bureau Article Type: Original

China Banking Regulatory Commission on Standardizing Banking Service Enterprises Going Global
Guide to strengthen risk prevention and control

YJF [2017] . 1 No.

Banking Regulatory Bureau, various policy banks, large banks, joint-stock banks, postal savings banks, foreign banks, banking associations:

In order to thoroughly implement the decision-making arrangements of the Party Central Committee and the State Council on jointly building the " Belt and Road " and promoting international capacity cooperation, standardize the overseas business operations of banking financial institutions, enhance the ability of supporting enterprises to go out of service, and establish a long-term service of "One Belt, One Road " . The stable, sustainable and risk-controlled financial security system is now proposed:

First, the overall requirements

(1) Clear strategic positioning . Banking financial institutions should comprehensively analyze customer needs, external environment and their own advantages, establish differentiated and differentiated strategic positioning, coordinate the layout of domestic and foreign institutions and business development, and formulate and implement a unified strategic plan for domestic and overseas development.

(2) Strengthening services in key areas. Banking financial institutions should actively implement the "One Belt, One Road " strategy and provide quality financial services for enterprises to go global and international capacity cooperation. Under the premise of risk control and commercial sustainability, combined with the strategic positioning of its own service enterprises to go global, it will actively connect with major overseas projects in key areas, and support infrastructure interconnection, international capacity cooperation and economic and trade industrial cooperation zones.

(3) Enriching the way of financial services. Banking financial institutions should focus on the effective needs of going global enterprises, strengthen financial innovations that are conducive to improving service quality and efficiency, matching their own risk management and control capabilities, expand international financing models, and actively carry out export credit, project financing, syndicated loans, Trade finance, investment banking, cross-border RMB business, financial markets, global cash management, asset management, e-banking, financial leasing and other related financial services.

(4) Strengthening corporate governance. Banking financial institutions should establish and improve corporate governance principles and frameworks covering overseas institutions and businesses, clarify corresponding authorizations and responsibilities, and establish scientific and rational governance mechanisms for decision-making, execution, supervision, incentives, accountability, etc., and improve the effectiveness of internal control. To ensure that overseas institutions and business development are in line with their overall strategy.

(5) Strengthen risk management. Banking financial institutions should continuously improve their comprehensive risk management capabilities and strengthen strategic, credit, market, compliance, country, environmental and social risks, liquidity risks and operational risk management related to overseas institutions and businesses. . We attach great importance to cross-border and cross-border risks brought about by integrated operations, and improve the consolidated management framework covering all overseas institutions and businesses.

(6) Encourage healthy competition. Banking financial institutions shall strictly abide by relevant laws and regulations and overseas project management regulations, strengthen communication with the Ministry of Commerce, the Development and Reform Commission and other embassies and consulates abroad, and obtain overseas projects that fail to obtain relevant filing or approval documents in accordance with regulations. No financing is allowed. Banking financial institutions should abide by business ethics and resolutely oppose unfair competition such as commercial bribery and infringement of trade secrets.

(7) Improve the accountability system . Banking financial institutions shall refine and improve the accountability system for all kinds of violations of laws, regulations and internal management systems in overseas business. If a risk event occurs due to dereliction of duty or oversight, the responsibility of the relevant personnel shall be investigated according to the results of the investigation of the incident and depending on the circumstances. For major risk events, the requirements of “ two-line accountability and two levels of competition ” should be strictly implemented .

(8) Strengthening the construction of support capabilities. Banking financial institutions should speed up the improvement of internal business organization structure, strict internal policies and procedures, strengthen the management of the main branches and management of lines, establish and improve the global customer management system, and enhance the synergy between domestic and overseas. Improve the construction of overseas information systems, improve the quality of basic data, improve the level of network security protection, comprehensively strengthen the ability of information systems to support international operations, and meet domestic and foreign regulatory authorities' reporting on institutions, system security, data security, anti-money laundering, and customer information. Protection and other requirements, establish emergency response plans. Accelerate the cultivation of a team of comprehensive international management talents who are both proficient in financial business and familiar with overseas laws, taxation and regulatory systems.

Second, strengthen credit risk management

(9) Improve the authorization and credit policy. Banking financial institutions should strengthen overseas authorization management, regularly assess risk management capabilities, business needs and local regulatory requirements of overseas institutions, and re-examine or adjust authorization policies. Strengthen the unified credit management at home and abroad, and incorporate the domestic and overseas credit granting services carried out by the same legal person (group) customers into the customer's comprehensive credit line. Improve the concentration risk management framework covering domestic and overseas risk exposures.

(10) Strengthening due diligence . Banking financial institutions should follow the principles of independence, comprehensiveness, in-depth and prudence to strengthen due diligence and risk assessment of overseas businesses. In-depth analysis of the economic, legal, political and social environment of the project location, prudent assessment of project profitability and related risks, independent research and feasibility of the project.

For capacity cooperation projects, comprehensive analysis of their sales channels, target market capacity and competitive advantages, and careful assessment of future repayment ability; third-party organizations such as engineering contractors involved in overseas projects should investigate whether they comply with local regulations, laws, and Environmental protection and other requirements.

(11) Adhere to self-financing. Banking financial institutions, service enterprises to go out, should be based on " self-management, self-risk, self-financing, self-restraint " commercial loan approval in principle of autonomy, strict checks, pay attention to risk control and cost constraints, the project proceeds prudent judgment, scientific assessment The project's own cash flow coverage capability, scientifically set contract terms, and implement repayment sources.

(12) Strengthen post-loan management. Banking financial institutions should strengthen the monitoring and analysis of the quality of overseas credit assets, and implement differentiated post-lending management according to the credit scale and risks of overseas projects. For overseas loan business with higher risks, on-site inspection and supervision should be strengthened, the progress of the project should be closely monitored, funds supervision should be strengthened, and the misappropriation of credit funds and the evasion of debts should be prevented. When a customer has a major risk situation, effective measures should be taken in time to mitigate the risk. Non-export credit business that conducts effective post-lending management of local non-branches or correspondent banks should be cautiously involved.

(13) Strengthening guarantee management and risk sharing . Banking financial institutions shall strictly abide by the relevant laws and regulations for the guarantee of the location of overseas business, prudently assess the compliance, adequacy and enforceability of guarantees and collaterals, track and monitor the change in the value of collateral, the pledge rate and the guarantor's ability to guarantee. .

Banking financial institutions should strengthen cooperation with relevant insurance companies, domestic and overseas peers and factoring companies, and share risks rationally through trade insurance, project insurance, syndicated syndicates, and international factoring. For the policy underwriting business of China Export Credit Insurance Corporation, the loan risk weight shall be calculated in accordance with relevant regulatory requirements, and the loan classification shall be conducted. For the business that adopts the above risk sharing mechanism, the banking financial institutions should still focus on the whole process risk management, strengthen the review of the authenticity of the trade background, and earnestly fulfill the obligations of the institution in the risk sharing mechanism.

(14) Prevent risks in key areas. Banking financial institutions to conduct cross-border M&A loans should consider the credit status, management and management capabilities, financial conservatism, and self-raised capital adequacy of the M&A, the market prospects of the M&A, future earnings, country risks, and M&A synergies. Factors such as effects, fully consider the risk of transaction operations and business integration in the process of mergers and acquisitions, and prudently intervene in overseas industry and cross-industry M&A projects.

Banking financial institutions to carry out cross-border guarantee business such as internal insurance and foreign loans should strengthen the analysis of the source of financing first repayment, carefully assess the risk tolerance of borrowing and guarantee entities, and strictly abide by the relevant provisions of cross-border RMB business and foreign exchange management.

Third, strengthen country risk management

(15) Health national risk management system . Banking financial institutions should establish a country risk management system that is compatible with the strategic objectives, scale and complexity of the institution, and integrate country risk management into a comprehensive risk management framework. The policies and procedures for country risk management should be Board approval. The board of directors should fully perform its supervisory duties on senior management to ensure that country risk management policies and procedures are effectively implemented.

(16) Improve the country risk assessment rating procedure. Banking financial institutions should improve country risk assessment and internal rating procedures, and conduct risk assessments and ratings on countries and regions that have already started and planned to conduct business. Country risk assessments and rating results are fully considered when developing business development strategies, setting country risk limits, assessing borrower repayment capabilities, and approving credits.

(17) Enhance the ability to manage country risk limits . Banking financial institutions should improve the national risk limit management information system, consolidate the business data foundation, and rationally set and refine the coverage table based on comprehensive consideration of cross-border business development strategies, country risk ratings and their own risk preferences. Country risk limits for internal and external projects are regularly assessed and adjusted. When there is a significant change in the risk profile of a particular country or region, the frequency of assessment and adjustment should be increased.

(18) Improve the emergency response mechanism . Banking financial institutions should strengthen monitoring, research and judgment of country risks, conduct national risk stress tests, analyze risk communication channels, and formulate national risk emergency plans. Identify the risk mitigation measures that should be taken in different situations, and mitigate the risks of specific countries through transaction structure arrangements and legal arrangements.

(19) Strictly accrue country risk reserve . Banking financial institutions shall, in strict accordance with the requirements of the "Guidelines for Country Risk Management of Banking Financial Institutions", adequately make up the country risk reserve and dynamically adjust it according to changes in country risks.

Fourth, strengthen compliance risk management

(20) Strengthen the construction of the compliance system . Banking financial institutions should improve their domestic and foreign compliance risk management systems, strengthen compliance culture, clarify compliance policies and procedures, and strengthen independent compliance functions to ensure compliance requirements cover all institutions, businesses, lines, and operations. personnel. The board of directors shall bear the ultimate responsibility for the compliance of business activities. The senior management shall perform the compliance management duties, and the board of supervisors shall strengthen the supervision of the performance of the board of directors and senior management's compliance management duties.

(21) Strengthen daily compliance management. Banking financial institutions should conduct tracking analysis and compliance training for overseas institutions and business-related regulatory rules, conduct inspections, assessments and reports on compliance, and improve compliance risk response plans. The new cross-border business and the newly developed overseas business project, R&D, and start-up should be incorporated into the compliance risk management system to achieve full process control and comprehensive coverage of compliance risks.

(22) Strengthen the allocation of compliance resources . Banking financial institutions shall, in accordance with domestic and foreign laws and regulations, regulatory requirements, and the complexity of overseas business, reasonably set up compliance positions for head offices (companies) and overseas institutions, and comply with compliance personnel. The principal responsible for compliance work of overseas institutions should have extensive experience in compliance work and be familiar with relevant international regulatory rules and local legal and regulatory requirements.

(23) Do a good job in customer access. Banking financial institutions should follow the " know your customer " principle, fully understand the customer's business operations and financial status, as well as the local business environment, and should also understand the " customer's customer " when necessary . In particular, in-depth investigation of customers' existence of money laundering, terrorist financing, tax evasion, violation of labor laws, infringement of intellectual property rights, counterfeiting and sales, violation of customs regulations and other violations of laws or bad behavior records.

(24) Strengthen anti-money laundering and counter-terrorism financing management . Banking financial institutions should strictly grid implementation of United Nations Security Council resolutions, in strict compliance with domestic and international anti-money laundering and anti-terrorist financing and other related laws and regulations and regulatory requirements. Timely enter and update the sanctions list, and conduct dynamic review of the sanctions imposed on the borrowers, remitters, borrowers and major shareholders and senior management personnel of the receiving units. Strengthen the development and maintenance of anti-money laundering systems, meet the electronic needs of data collection, screening, analysis and reporting of anti-money laundering work, and strengthen the identification and reporting of suspicious transactions. In accordance with domestic and foreign regulatory requirements, fulfilling obligations such as freezing funds and reporting to regulatory authorities to prevent any organization or individual from using this institution to support terrorism, money laundering or other illegal activities. Banking financial institutions shall correctly use customer information under relevant laws, regulations and regulatory frameworks, strengthen customer privacy protection and actively protect the legitimate rights and interests of customers in accordance with the regulatory requirements of relevant countries and regions.

(25) Strengthen supervision and communication . Senior management personnel of overseas institutions of banking financial institutions shall strengthen communication with overseas institutions and the regulatory authorities at the localities where they operate, and actively cooperate with relevant regulatory work. Banking financial institutions shall promptly report major issues communicated between overseas institutions and local regulatory authorities to China's regulatory authorities.

V. Strengthening environmental and social risk management

(26) Pay attention to overseas business environment and social risk management . Banking financial institutions should actively learn from the Equator Principles and other international good practices, attach great importance to the environmental and social risks faced by customers and their important related parties in construction, production and business activities, and urge them to establish sound environmental and social risk control systems. We will implement relevant action plans and strictly abide by local laws and regulations in the fields of environmental protection and industry . Special attention should be paid to the provision of project financing and trade financing for environmental and social risks in energy resources, agriculture, forestry, animal husbandry and fishery, major infrastructure and project contracting. If necessary, the relevant industry authorities may be consulted or qualified and independent. Consult with a third party.

(27) Implementation of the entire process management of environmental and social risks. Banking financial institutions should fully assess the environmental and social risks of outbound projects, and use the assessment results as an important basis for project access, rating and management, and differentiate them in terms of loan " three checks " , loan pricing and economic capital allocation. management. Banking financial institutions should strengthen the monitoring of environmental and social risks of overseas projects. For projects with major risks, they should increase their tracking efforts and take timely risk mitigation measures.

(28) Maintain the rights and interests of local people. Banking financial institutions should urge customers to safeguard the legitimate rights and interests of employees, and strive to increase the employment opportunities of local people in employment and education during project construction and company operations, and respect local culture, religion and social customs.

(29) Promote exchanges and interactions with stakeholders. Banking financial institutions should urge customers involved in major environmental and social risks to establish a complaint-response mechanism to promptly respond to and respond to the reasonable demands of the people, NGOs and other stakeholders in the project construction or company operations.

(30) Strengthening information disclosure . Banking financial institutions shall designate specialized departments and personnel to be responsible for information disclosure related to overseas institutions and businesses, do a good job in public relations exchanges, and guard against reputational risks. For overseas projects with potentially significant environmental and social risks, they should agree with customers in advance to disclose key information such as project name, name of major investors and contractors, credit amount and environmental impact assessment in a timely manner, and actively strengthen the relationship with stakeholders. Communicate and accept public supervision.

6. Improve the layout of overseas institutions

(31) Improve the layout of key overseas countries and regions. Banking financial institutions should do a good job in the medium and long-term planning of overseas institutions, strengthen the preliminary evaluation work, comprehensively consider their own strategies, customer business needs, their own risk management and control capabilities, and the political, economic, legal, social and competitive environment of the target countries. The outbound enterprises are relatively concentrated, and the areas where the service needs of the Chinese banking financial institutions or the potential demand are large are improved.

(32) Reasonably choose the form of overseas institutions . Banking financial institutions should carefully assess their overseas operational strength and risk management and control capabilities, and rationally choose representative offices, branches, sub-branches or subsidiaries to establish overseas institutions and follow the market-oriented principles to enter target countries and regions. Banking financial institutions can expand their service radius by developing agent banks and strategic partners, and strengthening cooperation with local peers.

(Thirty-three) Prevent cross-border M&A risks. Banking financial institutions to conduct cross-border mergers and acquisitions should objectively assess their cross-border management capabilities and resource allocation capabilities, comprehensively and in-depth understanding of the target market environment, ensure cross-border mergers and acquisitions are in line with the strategic planning and business integration of the organization to produce synergies, and prudently analyze mergers and acquisitions. Sexuality and transactional operability, reasonable determination of M&A prices and risk mitigation clauses.

(34) Strengthen the management of overseas institutions . Banking financial institutions shall formulate a comprehensive and clear management system for overseas institutions, clarify the boundaries of powers and responsibilities between the head office (company) and overseas institutions, and report routes, and strengthen the management of internal audit, compliance, risk, and information technology. Strengthen inspection and accountability to ensure that the operations of overseas institutions are effectively controlled by the head office (company).

7. Strengthen supervision and management

(35) Strengthen the supervision of the placement of overseas institutions. The regulatory authorities should establish and improve the overall coordination mechanism for banking financial institutions to go global, strengthen planning guidance, and do a good job in institutional access supervision.

(36) Strengthen off-site supervision of overseas business. The regulatory authorities should improve the off-site statistical system, strengthen the collection of country-specific risk data, and regularly conduct monitoring and analysis of the development and risk of overseas business. Regulatory authorities should regard overseas business as an important part of off-site supervision talks and external audit talks.

(37) Strengthen on-site inspection of overseas business . The regulatory authorities should focus on checking the compliance, risk control, credit management system construction and the relationship between domestic and overseas business of foreign institutions, promoting the promotion of international financial management and risk resistance capabilities of banking financial institutions, and timely supervision of foreign institutions with problems. Measures, and penalties for violations of laws and regulations in accordance with the law.

(38) Strengthen cross-border supervision and coordination. The regulatory authorities should establish a cross-border supervision and exchange platform, give full play to the role of negotiation, consultation, dialogue and supervision of joint meetings, strengthen information sharing and cooperation with overseas regulatory authorities, and strengthen exchanges and consultations on important issues of concern to all parties.

(39) Give full play to the role of self-regulatory organizations . The China Banking Association should do a good job in self-discipline management, establish an information platform and cooperation mechanism, promote communication, exchange, coordination and cooperation of banking financial institutions in the process of overseas operations, avoid vicious competition, and maintain the reputation of the banking industry . We will strengthen research on key countries along the “ Belt and Road ” and international capacity cooperation, publish country-specific risk research reports on a regular basis, and organize “one Belt and One Road ” for banking financial institutions , international capacity cooperation and corporate outreach training.

(40) Establish a blacklist system for overseas investment cooperation . The China Banking Association should strengthen communication with banking financial institutions, relevant industry associations and competent authorities, and establish a blacklist system for overseas investment cooperative enterprises based on violations of laws and regulations and bad behaviors. Clearly blacklisted corporate standards, regularly update blacklists and publish them to banking financial institutions. Banking financial institutions should promptly submit corporate information that meets the blacklist criteria to the banking association.

Non-bank financial institutions such as financial asset management companies and financial leasing companies conduct overseas business and establish overseas institutions to implement these guidelines.

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Attached:
The person in charge of the relevant departments of the China Banking Regulatory Commission answered the reporter's link on the "Guiding Opinions on Regulating Banking Service Enterprises to Go Global and Strengthen Risk Prevention and Control":
http://www.cbrc.gov.cn/chinese/home/docView/BCDB6F2FAC0949859D3DCC1F2FD404A5.html
The China Banking Regulatory Commission issued the " Guiding Opinions on Regulating Banking Service Enterprises to Go Global and Strengthen Risk Prevention and Control"
:http://www.cbrc.gov.cn/chinese/home/docView/F8939136D6E6448FA02133740A3B83A8.html

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analyzing

- No interpretation