



PRESS RELEASE

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FDIC and China Banking Regulatory Commission Announce Enhanced Cooperation in Resolving Troubled Cross-Border Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) and the China Banking Regulatory Commission (CBRC) today announced their agreement to enhance cooperation and coordination on cross border resolutions. Today's agreement was signed by Chairman Sheila C. Bair and Chairman Liu Mingkang of the CBRC in Beijing, China, where Chairman Bair participated in this week's Strategic and Economic Dialogue between the two countries.

Under the agreement, the two authorities will expand cooperation on contingency planning, coordination, and information sharing related to crisis management and the potential resolution of banks active in the two countries. The agreement will significantly strengthen cooperation between the CBRC and FDIC on these critical cross-border crisis management and resolution issues. The agreement represents a commitment by the FDIC and CBRC to improved collaboration on key issues for addressing crisis management and the resolution of cross border banks. The FDIC and CBRC agreed to:

- Improve mutual understanding about their respective national regulations and laws on bank insolvency;
- Cooperate in developing resiliency and resolution plans for banks operating in both the U.S. and China;
- Conduct joint contingency planning to improve readiness for any future resolutions;
- Enhance information exchanges about developing issues and cross border financial institutions during periods of financial stress; and
- Develop closer coordination in the implementation of their resolution responsibilities in any future crisis involving banks operating in both countries.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-122-2010**

This agreement reflects the practical experience the FDIC and CBRC gained in the resolution of United Commercial Bank of San Francisco, an \$11.2 billion institution, which had owned a subsidiary bank in China, and failed on November 6, 2009. Through their coordinated efforts, the FDIC and CBRC were able to achieve a resolution that was least costly and preserved ongoing banking operations of the institution in both countries through a sale of United Commercial Bank to East West Bank. Applying the lessons learned in this resolution, today's agreement provides a framework for further coordination and consultation to ensure effective resolutions in the future.

FDIC Chairman Bair said, "As banking operations have become increasingly global, it has proven critical for the various governmental resolution authorities to have the appropriate framework in place to ensure cooperation and communication should an institution become troubled.

This agreement is an invaluable step forward toward implementing the recommendations of the Basel Committee's Cross Border Bank Resolution Group, which the FDIC co-chaired. I look forward to continuing to build on this important relationship."

Today's agreement supplements the existing Memorandum of Understanding (MOU) on supervisory cooperation between the CBRC and the FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency in 2004. The Office of Thrift Supervision became a signatory to that agreement in 2007.

Attachment:

[Appendix to Memorandum of Understanding between the China Banking Regulatory Commission and the Federal Deposit Insurance Corporation to Address Cross Border Resolutions - PDF \(PDF Help\)](#)
