



*Hong Kong Trustees' Association Ltd*

香港信託人公會

***China Development Sub-Committee***

In our fourth article, we have sketched out the brief contents of “Guidelines on business cooperation between banks and trust companies”, which was promulgated by the China Banking Regulatory Commission (CBRC) on 23 December 2008.

An analysis on the business implications is also given. Please look up the details.

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*A summary on the  
“Guidelines on business cooperation between  
banks and trust companies”  
promulgated by CBRC  
on 23 December 2008*

General Principles :

The subject Guidelines are applicable to :

- various kinds of financial institutions and trust companies set up in China under the supervision of CBRC.
- business cooperation between the aforesaid banks and trust companies that take place in China.

Collaboration in the area of Wealth Management

This refers to the scenario when banks entrust their funding raised under wealth management schemes to trust companies for management and deployment by the latter.

For such collaboration to materialize, both banks and trust companies are required to ensure the following :

- a. each would have set up its own management, operation and control systems
- b. each would perform its own investment accounting and ensure risk segregation
- c. each would perform its own roles without interference on the other

Banks in pursuing such collaboration with trust companies would have to ensure due disclosure of risks to the investors and to perform risk appetite assessment on the latter. Banks would have to designate at least one wealth management officer to each wealth management scheme to coordinate the related work under the scheme and to produce post-scheme reviews.

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Trust companies in pursuing such collaboration with banks would have to put in place trust documents as appropriate, set up dedicated accounts for trust assets and assign at least one trust officer to each such collaboration product.

#### Collaboration over other areas

These may include :

- a. securitization of loan assets
- b. sales of trust plans by banks for and on behalf of trust companies
- c. payable / receivable services from banks to trust companies
- d. sales of loan assets by banks to trust companies

These are subject to due controls and disclosure requirements as set out in the Guidelines.

#### Comments

*Cooperation between banks and trust companies has been robust in the past few years and this remains a major area for growth, given the complementary nature of such collaboration.*

*With the Guidelines from CBRC clarifying the modes of permissible collaboration, these are deemed conducive to the industry development going forward.*

*For the original text of the above in Chinese, please refer to the website of CBRC or “[www.trust-one.com/shownews.asp?newsid=7797](http://www.trust-one.com/shownews.asp?newsid=7797)”.*