

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE FINANCIAL SUPERVISORY COMMISSION
OF THE REPUBLIC OF CHINA (TAIWAN) AND THE
CALIFORNIA DEPARTMENT OF FINANCIAL INSTITUTIONS**

The national financial services and markets regulator of the Republic of China (Taiwan) is the Financial Supervisory Commission ("FSC"). The FSC is empowered by the Organic Act of Financial Supervisory Commission, Executive Yuan, and other laws, to regulate and supervise financial products, services and markets. The California Department of Financial Institutions ("DFI") is duly authorized by the State of California as regulator of state-chartered financial institutions. Collectively, the FSC and the DFI are referred to as "the Authorities."

In mutual recognition of each others' competent jurisdiction, the Authorities acknowledge their need for cooperation in the supervision of cross-border banks and banking organizations. The Authorities further recognize that sharing supervisory information with each other will facilitate the performance of their duties and thereby promote the safe and sound functioning of banks and banking organizations in both their jurisdictions. The Authorities are therefore committed to following the principles of consolidated cross-border supervision and to cooperate with each other to the extent permitted by their respective laws. Accordingly, the Authorities desire to establish a mutually acceptable basis for cooperation and consultation, having the powers needed in accordance with their laws to do so.

Based on the foregoing, the Authorities have reached the following understanding about sharing supervisory information regarding cross-border establishments insofar as they are subject to the supervision of the FSC or of the DFI. This Memorandum of Understanding ("MOU") is a statement of intent, however, and does not impose any legally binding obligations on the Authorities or supersede domestic law.

**ARTICLE I
DEFINITIONS**

For purposes of this Memorandum of Understanding:

- A. "Bank" means a bank as it is defined in the Authorities' respective jurisdictions. It includes any subsidiaries or affiliates of a bank.
- B. "Banking organization" means a bank-holding company and any of its subsidiaries.
- C. "Cross-border establishment" means a bank or banking organization establishing an office or presence within the jurisdiction of one of the Authorities.
- D. "Home supervisor" means the Authority in whose jurisdiction the cross-border establishment is chartered.
- E. "Host supervisor" means the Authority in whose jurisdiction the cross-border establishment is located.

- F. "Information" means non-public facts or data that pertain to a cross-border establishment. This definition includes non-public facts and data, whether they are contained in the books and records of a cross-border establishment or the books and records of the Authorities.
- G. "Jurisdiction" means, with respect to the FSC, the Republic of China (Taiwan), and for the DFI, it means the State of California.

ARTICLE II PURPOSE

The purposes of this MOU are to ensure supervisory cooperation between the Authorities, to authorize the Authorities to share information with each other, and to set forth the terms under which they have agreed to do so.

ARTICLE III EXCHANGE OF INFORMATION FOR SUPERVISORY PURPOSES

- A. The FSC and the DFI recognize that close communication between them as home and host supervisors would be mutually advantageous. Close communication would include contact during any authorization process, as well as in the supervision of the on-going activities of cross-border establishments.
- B. In connection with the authorization process, the Authorities intend to:
 - 1. Notify each other without delay about applications for approval to establish cross-border establishments in each other's jurisdiction.
 - 2. Upon request, inform each other whether the applicant is in compliance with banking laws and applicable regulations, and whether it may be expected, given its administrative structure and internal controls, to manage the cross-border establishment in a manner consistent with applicable law and regulations.
 - 3. To the extent reasonable and consistent with law, share information on the capability, integrity, or experience of the prospective managers of the cross-border establishment.
- C. In connection with the on-going supervision of cross-border establishments, the Authorities intend to:
 - 1. Notify each other and provide relevant information regarding any material developments or supervisory concerns about the local operations of cross-border establishments;

2. Respond to requests for information about any aspect of their respective regulatory systems, and inform each other about any major changes to such systems. In particular, such changes include those that have a significant bearing on the activities of cross-border establishments that are located in the other Authority's jurisdiction;
 3. Endeavor to inform each other in a timely manner, and to the extent reasonable, about any event that has the potential to endanger the stability of cross-border establishments located in each other's jurisdiction.
 4. Inform each other of administrative penalties imposed, or any other formal enforcement action taken, on a cross-border establishment and/or on its officers as the host supervisor, or on a bank or banking organization as home supervisor, if the home supervisor judges the information to be important to the host supervisor as it may relate the operation of cross-border establishments in that jurisdiction.
- D. The Authorities agree to share information contained in examination or other reports upon each other's written request:
1. If requested by the host supervisor, the home supervisor will provide the host supervisor information regarding the cross-border establishments located in the host supervisor's jurisdiction.
 2. If requested by the home supervisor, the host supervisor will provide the home supervisor information regarding the cross-border establishments located in the host supervisor's jurisdiction.

If they deem it appropriate, the Authorities may include relevant excerpts of examination reports in the shared information. But any information that identifies a customer account will not be shared unless it is particularly relevant to the supervisory concern that prompted the written request. Where the Authorities perceive a need for expeditious action, either may initiate a request in any form, but the request should subsequently be confirmed in writing.

- E. Whenever appropriate, the Authorities shall hold ad-hoc meetings to resolve supervisory problems concerning cross-border establishments.

ARTICLE IV SUPERVISORY COOPERATION

- A. In accordance with the laws and regulations of their respective jurisdictions, the Authorities will provide each other the fullest measure of mutual assistance as contemplated by this Article. Such assistance will be provided to facilitate the Authorities' supervisory responsibilities.
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- C. The Authorities intend to cooperate closely when and if they identify suspected unauthorized banking business or other criminal financial activities by cross-border establishments in their respective jurisdictions. Such activities may include money laundering or other criminal activities. The Authorities will share information with each other related to such activities in accordance with this MOU.

ARTICLE V CONFIDENTIALITY AND USE OF INFORMATION

- A. The Authorities will share information with each other to the extent reasonable and to an extent consistent with any relevant laws that restrict disclosure of such information. In addition, the provision of, or request for, information may be denied by either Authority on grounds of public interest or when disclosure would interfere with an on-going investigation.
- B. The Authorities shall consider any information, as well as all requests for information, received from each other to be confidential and to be used only for their supervisory duties.
- C. In the event that either Authority is legally compelled to disclose confidential information that was provided pursuant to this MOU, it is understood that the Authority who received the confidential information will cooperate in seeking to preserve its confidentiality to the extent permitted by law.
- D. In cases where an Authority receives a request from a third party for confidential information that was provided to it by the other Authority, but where disclosure is not legally compelled or necessary to carry out any supervisory duties, the Authority who received the third-party request will consult and obtain the prior consent of the other Authority.
- E. In all cases of disclosure to third parties, and to the extent consistent with law, the Authority disclosing the confidential information will notify the Authority that supplied the information of such disclosure.
- F. The Authorities shall employ appropriate safeguards to secure information obtained pursuant to this MOU against unauthorized access or disclosure. Such safeguards shall include protocols and infrastructure that protect information regardless of its format. The duty to safeguard information shall apply regardless of the manner in which it is obtained. Likewise, this duty shall also apply to any third party to whom information obtained pursuant to this MOU is disclosed. This duty shall survive the termination of any other provision of this MOU.

ARTICLE VI
GENERAL PROVISIONS

- A. No privilege or confidentiality associated with any information provided by either Authority is waived as a result of sharing such information pursuant to this MOU.
- B. The FSC and the DFI will meet as often as appropriate to discuss issues concerning banks and banking organizations that maintain cross-border establishments in each other's jurisdictions. In addition, every effort will be made to encourage continuous and informal contacts between the staff of the FSC and the staff of the DFI. Each Authority will bear its own expenses for such meetings.
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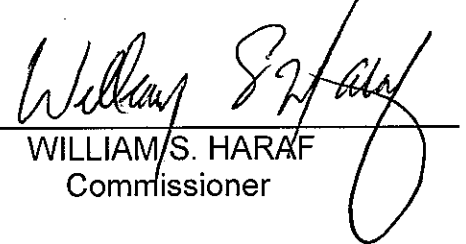
On Behalf of and For the Financial
Supervisory Commission of the
Republic of China (Taiwan)

Date: May 15, 2009

By 
SEAN C. CHEN
Chairperson

On Behalf of and For the California
Department of Financial Institutions

Date: April 30, 2009

By 
WILLIAM S. HARAF
Commissioner

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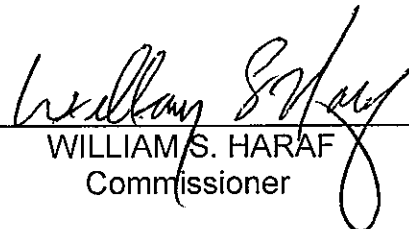
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