Cross-Strait Financial Cooperation Agreement

(This agreement will become effective only after the completion of relevant procedures.)

To promote cross-strait financial exchanges and cooperation, advance the stable development of cross-strait financial markets, and facilitate cross-strait economic and trade dealings, the Straits Exchange Foundation and the Association for Relations Across the Taiwan Strait, after negotiation based on an equal footing, hereby agree on the following matters concerning cross-strait cooperation in financial supervision and monetary management:

1. Financial Cooperation

The Parties agree to assist each other in fulfilling the responsibilities of financial supervision and monetary management, to strengthen broad cooperation in the financial domain, and to jointly maintain financial stability.

(1) Financial Supervision

The Parties agree that the financial supervisory institutions on the two sides of the Strait shall establish cooperative mechanisms for financial supervision of, respectively, the cross-strait banking industry, the cross-strait securities and futures industry, and the cross-strait insurance industry, to ensure the effective supervision of mutually established entities.

The Parties' financial supervisory institutions for the banking industry, securities and futures industry, and insurance industry may make specific arrangements for matters of cooperation in accordance with industry practice.
(2) **Monetary Management**

The Parties agree to start by providing appropriate institutions, such as commercial banks, with suitable means to conduct cash exchange, supply and flowback operations, and to develop cooperation in such areas as banknote anti-counterfeiting technology, as the first steps in gradually establishing a currency settlement mechanism to strengthen cross-strait cooperation in monetary management.

(3) **Other Items of Cooperation**

The Parties agree to engage in discussions on financial institutions on both sides of the Taiwan Strait having access to and developing business in each other's markets.

The Parties agree to encourage financial institutions on the two sides of the Taiwan Strait to step up cooperation, to create conditions for jointly strengthening services to businesses on both sides of the Strait.

2. **Information Exchange**

The Parties agree to provide each other with information on financial supervision and monetary management, for the purpose of maintaining financial stability. The Parties shall as speedily as possible provide information on significant matters that could affect the sound operation of financial institutions or the stability of financial markets.

The mode and scope of the provision of information shall be determined through discussion between the Parties.

3. **Confidentiality Obligation**

The Parties agree that all information obtained under this Agreement shall be kept confidential subject to supervision and regulation in accordance with relevant laws and regulations.

The mode of handling information obtained in discussions and cooperation on cooperation in monetary institutions shall be determined by the Parties through discussion.

4. **Mutual Cooperation in Financial Institutions**

The Parties agree to establish the financial supervision mechanism across the Taiwan Strait, giving due consideration to the financial market development in both sides, and to seek quickly a reasonable cooperation arrangement for entities belonging to the financial supervision authority on both sides of the Strait.

Qualifying financial institutions from both sides shall study the financial regulatory system and the corresponding business environment on the other's side to prepare the way for cooperation through the establishment of joint financial institutions.

The Parties agree to cooperate in the application for qualification of cooperation entities to obtain economic benefits in the financial industry.

5. **Modes of Cooperation**

The Parties agree to cooperate with each other in financial research, training, and the exchange of personnel between financial institutions.
Agreement shall be used solely for the purposes of financial supervision and monetary management, and shall comply with confidentiality requirements.

The mode of handling third-party requests for the provision of information shall be determined separately through discussion between the Parties' respective supervisory institutions.

4. Mutual Establishment of Entities

The Parties agree that, after this Agreement goes into effect, the financial supervisory institutions on the two sides of the Strait, giving consideration to the principle of reciprocity, market characteristics, and competition order, shall as quickly as possible push for the mutual establishment of entities by commercial financial institutions on each side of the Strait.

Qualifying criteria for financial institutions to establish entities or obtain equity stakes in entities across the Strait, and the scope of business operations permitted on each other's side of the Strait, shall be determined separately through discussion between the Parties' supervisory institutions.

The Parties agree to seek each other's opinions concerning applications by financial institutions to establish entities or obtain equity stakes in entities across the Strait.

5. Modes of Examination

The Parties agree to adopt diverse modes, in accordance with industry practice and characteristics, for conducting the examination of mutually established financial institutions. The modes of examination shall be determined
The Third Round of
Chiang-Chen Talks

separately through discussion between the Parties’ respective supervisory institutions.

6. Operational Exchanges

The Parties agree to strengthen cooperation in financial supervision and monetary management by means of personnel engaging in exchange visits, training, technical collaboration, meetings, and so on.

7. Document Format

The format of documents used by the Parties for exchange of information, seeking of opinions, and other operational liaison shall be determined through discussion between the Parties.

8. Liaison Bodies

(1) Liaison on the implementation of matters set out in this Agreement shall be conducted by a contact person or persons designated by the financial supervisory institutions and monetary management institutions of each Party. If necessary, with mutual consent, the Parties may designate other entities to conduct liaison.

(2) Liaison regarding other matters related to this Agreement shall be handled by the Straits Exchange Foundation and the Association for Relations Across the Taiwan Strait.

9. Performance of and Amendment to the Agreement

The Parties shall comply with the provisions of this Agreement.

This Agreement shall be amended only with both Parties’ consents.

10. Disputes

Any disputes arising out of the interpretation or implementation of this Agreement shall be settled by the parties concerned.

11. Matters not Regulated

Matters not regulated herein shall be handled in a separate manner as appropriate.

12. Effectiveness

This Agreement shall take effect from the date when both Parties shall have counted not less than 60 days from the date of each Party having the competent authority to notify the completion of the ratification process.

This Agreement shall be in triplicate, with each Party receiving two copies, as evidence of mutual ratification.

Straits Exchange Foundation
Chiang, 2009

[Note: The text is in Chinese, and English is used for some sections.]
consents, and shall be confirmed in writing.

10. Dispute Resolution

Any disputes arising from the application of this Agreement shall be resolved by prompt negotiation between the Parties.

11. Matters not Mentioned in this Agreement

Matters not mentioned in this Agreement shall be separately discussed and resolved by the Parties in an appropriate manner.

12. Effective Date

This Agreement shall become effective after both Parties have completed related preparations, within no more than 60 days of the date of signature.

This Agreement was signed on April 26 in four original copies, with each Party keeping two copies.

Straits Exchange Foundation  Association for Relations Across the Taiwan Strait

Chairman  Chairman

Chiang, Pin-Kung  Chen, Yunlin

【Note: In case of any discrepancy between the Chinese and English texts, the Chinese text shall govern.】