

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

In the Matter of

INDUSTRIAL AND COMMERCIAL BANK OF  
CHINA LTD.  
Beijing, People's Republic of China

and

INDUSTRIAL AND COMMERCIAL BANK OF  
CHINA LTD.  
NEW YORK BRANCH  
New York, New York

Docket Nos. 23-023-B-FB  
23-023-B-FBR  
23-023-CMP-FB  
23-023-CMP-FBR

Order to Cease and Desist and  
Order of Assessment of a Civil  
Money Penalty Issued Upon  
Consent, Pursuant to the Federal  
Deposit Insurance Act, as amended

WHEREAS, Industrial and Commercial Bank of China Ltd., Beijing, People's Republic of China (the "Bank") is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7));

WHEREAS, the Bank conducts operations in the United States through a branch in New York, New York (the "Branch") for which the Board of Governors of the Federal Reserve System (the "Board of Governors") is the appropriate federal supervisor;

WHEREAS, confidential supervisory information ("CSI") as defined in the Board's regulations, 12 C.F.R. §§ 261 *et seq.*, includes reports of examination and other confidential supervisory communications by the Board or the Federal Reserve Bank of New York (the "Reserve Bank"), and any information derived from, related to, or contained in such reports, and

any documents prepared by, on behalf of, or for the use of the Board of Governors, a Federal Reserve Bank, or a federal or state financial institution's supervisory agency;

WHEREAS, it is impermissible to use or disclose CSI to third parties absent approval of the Board (12 C.F.R. §§ 261.4, 261.20);

WHEREAS, the Board and the Reserve Bank have conducted an investigation into the Branch's practices, policies, and procedures related to the Bank and the Branch's compliance with the Board's regulations related to CSI;

WHEREAS, the Board and Reserve Bank have determined that the Branch lacked any formal policies, procedures, training, or other internal controls designed to instruct employees regarding how to properly handle CSI or how to prevent the unauthorized dissemination and use of CSI;

WHEREAS, after receiving confirmation from Board and Reserve Bank staff that proposed communications with a third party included CSI and would therefore require a waiver from the Board prior to disclosure, the Bank and Branch nonetheless caused the unauthorized, and therefore impermissible, disclosure of CSI to occur;

WHEREAS, the Branch's lack of adequate internal controls related to the use and dissemination of CSI caused the Bank and the Branch to make the foregoing unauthorized disclosure of CSI;

WHEREAS, the Branch has begun to enhance its policies, procedures, and training related to CSI following the unauthorized disclosure;

WHEREAS, to address the deficiencies described above and to comply with safe and sound banking practices, the Branch must have effective governance, compliance, and audit policies and procedures designed to detect and prevent the unauthorized use and dissemination of CSI, including policies, procedures, training, and monitoring;

WHEREAS, it is the common goal of the Board of Governors, the Reserve Bank, the Bank, and the Branch that the Branch operates in compliance with all applicable federal and state laws, rules, and regulations;

WHEREAS, the Bank, the Branch, and the Board of Governors have mutually agreed to enter into this consent Cease and Desist Order (the “Order”); and

WHEREAS, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing the undersigned to enter into this Order on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every provision of this Order by the Bank and the Branch, and waiving all rights that the Bank and the Branch may have pursuant to section 8 of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any and all matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, it is hereby ordered that, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, pursuant to section 8(b)(1) and (4) of the FDI Act (12 U.S.C. § 1818(b)(1) and (b)(4)), the Bank and the Branch shall cease and desist and take affirmative action as follows:

## **Internal Controls and Compliance Program**

1. Within 90 days of this Order, the Bank's board of directors and the Branch's management shall jointly submit a written plan acceptable to the Reserve Bank to enhance the effectiveness of the Branch's internal controls and compliance functions regarding the identification, monitoring, and control of CSI. Such plan shall include the following four items:
  - a. enhanced policies, procedures, internal controls, and training thereon, governing the identification, receipt, management, and proper use of CSI;
  - b. designation of a CSI officer who is a voting member of the Branch's Risk Management Committee with the appropriate qualifications, experience, and stature to serve as a resource to the Bank and Branch employees on issues related to CSI;
  - c. procedures to promptly escalate to the designated CSI officer any instance of unauthorized CSI disclosure, including procedures related to the timely disclosure to the Board of the unauthorized CSI disclosure; and
  - d. measures to ensure management's effective oversight of the Branch's personnel's compliance with policies, procedures, and internal controls designed to deter and detect potential employee misconduct in connection with the use or dissemination of CSI.

## **Assessment of Civil Money Penalty**

2. The Board of Governors hereby imposes a civil money penalty on the Bank and the Branch in the amount of \$2,431,956 which shall be paid upon the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 051000033, beneficiary, Board of Governors of the Federal Reserve System. This penalty is a penalty paid to a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21. The Federal Reserve Bank of Richmond, on behalf of the Board of

Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

### **Primary Contact**

3. Within 10 days of this Order, the Branch shall designate an officer to be responsible for coordinating and submitting to the Reserve Bank the written plan required under the terms of this Order.

### **Approval, Implementation, and Progress Reports**

4. (a) The Bank and the Branch shall jointly submit the written plan that is acceptable to the Reserve Bank within the applicable time period set forth in paragraph 1 of this Order. The plan shall contain a timeline for full implementation of the plan with specific deadlines for the completion of each component of the plan.

(b) Within 10 days of approval by the Reserve Bank, the Bank and the Branch shall adopt the approved plan. Upon adoption, the Bank and the Branch shall promptly implement the approved plan and thereafter fully comply with it.

(c) During the term of this Order, the approved plan shall not be amended or rescinded without the prior written approval of the Reserve Bank.

5. Within 30 days after the end of each quarter following the date of this Order, the Bank and the Branch shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Order, a timetable and schedule to implement specific remedial actions to be taken, and the results thereof. The Reserve Bank may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

## **Communications**

6. All communications regarding this Order shall be sent to:

- (a) Mr. William J. Brodows  
Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
- (b) Mr. Jason Gonzalez  
Assistant General Counsel  
Board of Directors of the Federal Reserve System  
Washington, D.C. 20551
- (c) Mr. Lin Liao  
President  
Industrial and Commercial Bank of China Ltd.  
55 FuXingMenNei Avenue  
Xicheng District  
Beijing, Peoples Republic of China, 100140
- (d) Mr. Yaogang Chen  
Acting General Manager  
Industrial and Commercial Bank of China Ltd.  
New York Branch  
1185 Avenue of the Americas, 18th Floor  
New York, New York 10036

## **Miscellaneous**

7. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank and the Branch to comply with any provision of this Order. The Bank and the Branch must submit a written request to the Reserve Bank for any extensions of time.

8. The provisions of this Order shall be binding on the Bank and the Branch, and each of their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

9. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

10. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting the Bank, the Branch, any of their subsidiaries, or any of their current or former institution-affiliated parties and their successors and assigns.

By order of the Board of Governors of the Federal Reserve System effective this 16th day of January, 2024.

INDUSTRIAL AND COMMERCIAL  
BANK OF CHINA LTD.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: /s/ Lin Liao  
Lin Liao  
President

By: /s/ Ann Misback  
Ann Misback  
Secretary of the Board

INDUSTRIAL AND COMMERCIAL  
BANK OF CHINA LTD.  
NEW YORK BRANCH

By: /s/ Yaogang Chen  
Yaogang Chen  
Acting General Manager