

## Notice of China Banking Regulatory Commission on Printing and Distributing the Guidelines for Syndicated Loan Business

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All banking regulatory bureaus, policy banks, state-owned commercial banks, joint-stock commercial banks, postal savings banks, and trust companies, enterprise group finance companies and financial leasing companies directly under China Banking Regulatory Commission (hereinafter referred to as CBRC):

We hereby print and distribute the Guidelines for Syndicated Loan Business to you for your earnest compliance and implementation.

All banking regulatory bureaus shall forward this Notice to all urban commercial banks, rural commercial banks, rural cooperative banks, rural cooperatives, urban cooperatives, exclusively foreign-funded banks, Sino-foreign joint venture banks and principal reporting banks of foreign bank branches within your respective jurisdictions.

August 11th, 2007

Guidelines for Syndicated Loan Business

Chapter I General Provisions

Article 1 For the purpose of promoting and regulating syndicated loan business, dispersing credit risks, enhancing inter-bank cooperation and better providing financial services for key enterprises and projects, these Guidelines are formulated in accordance with the Law of the People's Republic of China on Regulating the Banking Industry, the Law of the People's Republic of China on Commercial Banks, the Contract Law of the People's Republic of China, the Guarantee Law of the People's Republic of China and other laws and regulations.

Article 2 These Guidelines shall apply to banks and non-banking financial institutions which are established in China upon the approval of the CBRC and operate loan business (hereinafter referred to as banks).

Article 3 The term "syndicated loan" refers to a RMB or foreign currency loan or credit granted via the correspondent bank to the borrower by two or more banks based on the same loan terms, a same loan agreement and the stipulated time and proportion.

Article 4 Banks shall observe the relevant state laws and regulations and state credit policies, follow the principles of equality and mutual benefit, fair negotiations and honesty and bear risks by oneself in conducting syndicated loan business.

Article 5 Banking associations, as self-discipline organizations of the industry, shall take charge of self-discipline work to maintain a normal order in the syndicated loan market, solve the problems occurred in syndicated loans and transactions, collect and disclose the relevant information about syndicated loans and formulate the relevant conventions of the industry.

## Chapter II Syndicated Loan Members

Article 6 All banks participating in a syndicated loan shall be the members of the syndicated loan. Each member shall decide its loaning behaviors for itself in accordance with the principles of “sharing information, independently conducting the examination and approval work, making decisions and bearing risks all by itself” and have corresponding rights and obligations under the syndicated loan corresponding to its share in the syndicated loan.

Article 7 Members of a syndicated loan are usually classified into the leading bank, correspondent bank and participant bank according to their different functions and work. The post of deputy-leading bank may be established in the banking syndicate in light of the actual scale and needs. The deputy-leading bank shall perform corresponding duties in accordance with the syndicated loan agreement.

Article 8 The leading bank in a syndicated loan is the bank which organizes the syndicate upon the consent of the borrower and takes charge of distributing the shares of the syndicated loan to all members. It is the organizer and arranger of the syndicated loan.

Article 9 The major duties of the leading bank of a syndicated loan shall be:

1. initiating and organizing a syndicated loan and distributing the shares of the loan;
2. making a pre-loan investigation on the borrower with due diligence, drawing up a syndicated loan information memorandum and recommending the loan to potential participant banks;
3. negotiating with the borrower on behalf of the syndicate to determine the specific syndicated loan terms;
4. employing the relevant intermediate organ on behalf of the syndicate to draw up the legal texts concerned in syndicated loan;
5. organizing the members of the syndicated loan to conclude a written syndicated loan agreement with the borrower;
6. assisting the correspondent bank in syndicated loan management; and
7. other duties as determined in the syndicate agreement.

Article 10 Where a single bank acts as the leading bank, its share of the syndicated loan shall not be less than 20% of the total funds raised by the syndicate, and the share distributed to other members of the syndicated loan shall, in principle, not be less than 50% of the total funds raised by the syndicate.

Article 11 Based on the liability assumed by the leading bank for its share of a syndicated loan as finally determined, the leading bank may distribute the shares of the syndicated loan in three modes, namely, underwriting the whole loan, underwriting part of the loan and promoting it as best as it can.

Article 12 The correspondent bank of a syndicated loan is a bank which, after the syndicated

loan agreement is concluded, collects funds together and loan them to the borrower in accordance with the amount and progress determined in the loan terms and, on behalf of the syndicate, manage the funds of the syndicate according to the duties prescribed in the syndicated loan agreement.

The leading bank can act as the correspondent bank , or the members of the syndicated loan can determine another bank to assume the post upon negotiations.

Article 13 Major duties of the correspondent bank of a syndicated loan shall be:

1. examining and urging the borrower to carry the loan terms into effect and allowing a loan or other credit;
2. handling the guarantee or mortgage formalities for the syndicated loan and taking charge of the daily management work of the pledge;
3. working out an account management scheme, opening a special account to manage the funds of the syndicated loan and record all changes in the funds deposited in the special account;
4. notifying the members of the syndicated loan to transfer to the designated account the corresponding amounts of money as stipulated in the syndicated loan agreement in light of the stipulated date when the loan shall be granted or the application of the borrower;
5. collecting the principal and interest of the syndicated loan and other correlative charges and transferring them to accounts designated by the members of the syndicated loan in a timely manner according to their respective shares of the loan and the stipulations in the syndicated loan agreement;
6. taking charge of the post-loan management work, supervising the use of the loan, and notifying the members of the syndicated loan of the relevant information on a regular basis;
7. keeping a close eye on the borrower's financial status, in particular, when any of such important issues as merger, profit sharing, overseas investment, assets assignment, debt restructuring and other things affecting the borrower's ability to repay occurs during the loan period, the correspondent bank shall, within 3 business days after it is notified by the borrower, notify all the members of the syndicated loan by sending special reports to them in accordance with the syndicated loan agreement;
8. organizing the members of the syndicated loan in a timely manner to take back the loan, preserve it from damage, recover it or take any other measures in case of any default of the borrower;
9. organizing the syndicate meeting and smoothing the relationships among the members of the syndicated loan; and
10. cooperating with the members of the syndicated loan for their regular or irregular consultation and examination and handling other issues as entrusted by the syndicate meeting, etc.

Article 14 The correspondent bank of a syndicated loan shall perform its duties with due diligence. If its negligence or nonfeasance causes any damage to the syndicate's interests, the syndicate meeting has the right to change the correspondent bank in accordance with the stipulations of the syndicated loan agreement and ask the correspondent bank to make corresponding compensation for the losses. The specific stipulations may be indicated in the syndicated loan agreement.

Article 15 Participant bank refers to a bank which participates in the syndicate at the invitation of the leading bank and grants loans to the borrower corresponding to the share underwritten by it.

The major duties of a participant bank are to attend the syndicate meeting, transfer funds to the account designated by the correspondent bank in a timely manner and in full amount, get to know the changes in daily business and credit status of the borrower during the period of continual existence of the loan and inform the correspondent bank promptly of any unusual circumstance.

Article 16 Guarantee correspondent bank is a bank which takes charge of various guarantees concerned in a relatively complex syndicated loan and of the transfer and management of the pledges.

### Chapter III Initiation and Organization of Syndicated Loans

Article 17 As for any large-sum loan falling under any of the following circumstances, the mode of syndicated loan shall be adopted:

1. fund-raising concerning large-size group clients, large projects or various kinds of large-sum current capital;
2. the total amount of funds raised for a single enterprise or project exceeds 10% of the capital balance of the lending bank;
3. the total amount of credit extended to a single group client exceeds 15% of the capital balance of the lending bank; or
4. the borrower selects banking financial institutions to raise funds for its project by means of competitive negotiations.

Banking associations in all regions may, in accordance with the above-listed principles and in light of the actual situation, organize their members to jointly determine the floor line for syndicated loans.

Article 18 A syndicated loan shall be proposed by the borrower or a bank. The leading bank agreed upon or selected by the borrower shall preliminarily determine the loan terms with the borrower upon negotiations and produce a preliminary syndicated loan agreement bearing such terms.

Article 19 The leading bank of a syndicated loan shall, in light of the requirements of the Guidelines on Due Diligence in the Credit Extension Work of Commercial Banks, make a pre-loan investigation with due diligence on the borrower or the project for which the loan is intended, negotiate with the borrower about the purpose, proportion, interest rate, period, guarantee mode, drawing terms, payment mode and correlative charges of the syndicated loan, and then work out a syndicated loan information memorandum on the basis of all the aforesaid information.

Article 20 The syndicated loan information memorandum shall be worked out by the borrower with the assistance offered by the leading bank on the basis of pre-loan investigation, be distributed by the leading bank to all potential participant banks, and be taken by potential participant banks as an important basis for examining the loan and proposing suggestions.

The syndicated loan information memorandum shall mainly include: basic terms of the syndicated loan, legal status and basic information of the borrower, financial status of the borrower, basic information about the project, market analysis, cash flow analysis of the

project, introduction to the guarantor/guaranty, property right to the pledge, potential risks, measures for preventing such risks, project access examination and approval formalities and an environmental impact monitoring and assessment document produced by a qualified environmental protection institution, etc.

Article 21 The leading bank shall, in the process of working out the information memorandum, disclose all the true information to potential participant banks and ensure that all materials included in the information memorandum are essentially authentic, integrated and correct.

Article 22 The leading bank shall, before sending the information memorandum to other banks, make sure that the information memorandum has been reviewed and approved by the borrower as well as the guarantor and sign the statement that “This bank is held responsible for the authenticity and integrity of all contents indicated in the information memorandum.”

Article 23 For the purpose of making the information memorandum and other materials about the syndicate more independent, equitable and authentic, the leading bank may employ intermediate organs such as accounting firms, assets assessment firms and law firms as well as the relevant technical experts to review and prepare the relevant information and materials and produce letters of opinions.

Article 24 The leading bank, after consultation with the borrower, shall send the invitation letter to the potential participant banks with list of conditions for loans, information memorandum, confidential undertaking, loaning undertaking and other materials.

The invitation letter in syndicated loaning is the invitation for offer sent from the lending bank to the potential participant banks, which is an effective legal document representing the leading bank, for and on behalf of the borrower, to invite the potential participant banks to join the syndicate adhering to the conditions listed therein.

Article 25 Banks which have received the invitation letter shall, in accordance with the information memorandum, make a decision on its participation to the syndicate on the basis of full knowledge of the related information of the borrower, following the principle of “shared information, independent examination, self decision and risk-taking”. Wherever the information in the memorandum is not sufficient for the examination and approval of the potential participant banks, they shall have the leading bank provide further related information or give advice for their work or directly do the corresponding investigation.

Article 26 The leading bank shall set the respective loan share of the syndicate member banks pursuant to the feedback by the member banks. Wherever there is balance or differences in the purchase, the leading bank shall renew the loan share of the member banks following the stipulated condition or consultation with those member banks.

#### Chapter IV Syndicated loan agreement

Article 27 The syndicated loan agreement is a legal document executed after consultation by the syndicate member banks, the borrower and the guarantor in accordance with the laws and regulations, in which the rights and liabilities between those parties are set forth. The following terms and conditions shall be included in a syndicated loan agreement:

- (1) basic information of the parties;
- (2) definitions and explanations;
- (3) stipulations related to the loan, including the amount, currency, the period, interest rate, and usage thereof, way to reimburse, origin of the reimbursement, guarantee formation, condition to the extension of the loan, advanced reimbursement, etc;
- (4) loan amounts committed by the syndicate member banks and the launching time of the loans;
- (5) conditions precedent to the drawing of the loans;
- (6) fees and expenditures;
- (7) taxation;
- (8) financial restrain;
- (9) non-financial commitments, including the restrain on the asset disposition, change of business and information disclosure, etc;
- (10) breaches and remedies thereto;
- (11) applicable law;
- (12) miscellaneous

Article 28 The relationship of rights and liabilities between member banks of the syndicate can be set out in the Syndicated Loan Agreement or the Internal Covenant of the Syndicate otherwise executed. Such rights and liabilities include division of all the member banks, rights and liabilities, share of the loaning amounts, assignment of the loaning amount, Rules of Procedure of the syndicate meeting; retreating of the member banks and dissolution of the syndicate; breaches and liabilities thereto; dispute resolutions; miscellaneous stipulations required by law or syndicate members.

Article 29 Member banks shall comply strictly with the loan agreement. They shall fully draw both principle and interests to the loans in time to the correspondent bank , and shall enforce their rights and liabilities.

Article 30 The borrower shall comply strictly with the loan agreement and ensure the loan be applied in the way as set out. They shall fully draw both principle and interests to the loans in time to the correspondent bank , and shall report truly to other member banks

#### Chapter V Management of syndicated loans

Article 31 The daily management on the syndicated loans are subscribed to the correspondent bank . The leading bank, during the validity period of its loan, shall assist the correspondent bank with following up with the project, find the problems in time and shall report to all the syndicate member banks in writing as soon as possible.

Article 32 During the validity period of the loan, regular syndicate meeting shall be launched by the leading bank or the correspondent bank , and it shall also be launched jointly by over 1/3 of all the member banks. The syndicate meeting is mainly to discuss, consult crucial problems in the syndicated loans.

Article 33 The crucial problems that shall be discussed in the syndicate meeting include: amendment to the syndicated loan agreement, adjustment to the loaning amount, change of guarantee and / or interest rate, termination of the syndicated loans, report of mergers and acquisitions, and principal related transactions, confirmation of breaches by the borrower, restructuring of the loans and change of correspondent bank , etc.

Article 34 After the expiration of the loans, the borrower shall fully repay both the principles and interests to the loans in time. Wherever the borrower repay in advance, it shall notify the correspondent bank at least 60 business days prior to the reimbursement day most recently stipulated. It shall further repay the principles and interests to the last loan adhering to the sequence of the expiration of the loan balances listed in the syndicated loan agreement, which is following the principle of “later expiration, earlier reimbursement”.

Wherever the borrower repay in advance, member banks shall receive some penalties pursuant to the time and amount of the advance repayment. The specific proportion thereto shall be set forth in the syndicated loan agreement.

Article 35 With the appearance of risk to the syndicated loans, the correspondent bank shall launch a syndicate meeting in time to set up a bank credit committee so as to impose recover, maintain, restructure and dispose the loans. Arbitration or litigation shall be raised whenever necessary.

Article 36 In principle, any member bank, during the loan period, shall not provide loans or credits other than the syndicated loan for the same project, which may harm the interests of the rest of members.

Article 37 Wherever the borrower conducts any of the following activities and refuses to make correction during the loan business, the correspondent bank shall launch a syndicate meeting to investigate the borrower’s liability and inform the borrower as well as the guarantors in writing:

- (1) Relevant documents provided by the borrower prove to be invalid;
- (2) Failing to perform or abide by the obligations specified in the loan agreement;
- (3) Failing to repay the principal and interest as stipulated in the agreement;
- (4) Escaping from the bank debt by means of false bankruptcy;
- (5) Other breaches as prescribed in the agreement.

Article 38 In case that any member bank involves in the following activities that are determined to be breaches of the agreement by bank consortium meetings, the bank will be punished to compensate for its doings. Where the circumstances are serious, the bank shall undertake legal liabilities. The aforesaid disputes among member banks shall not influence the implementation of loan agreement signed between the syndicate and the borrower.

- (1) Failing to transfer full amount of fund within the stipulated timeframe after having been notified by the correspondent bank;
- (2) Drawing back the loan ahead of schedule or retreating from the syndicate without consensus of all members;

- (3) Failing to execute resolutions of syndicate meetings;
- (4) The correspondent bank fails to transfer in time as scheduled the principal and interest repaid by the borrower to the lenders;
- (5) Other activities breaching the loan agreement, these guidelines as well as other relevant rules and regulations.

Article 39 Where a member bank plans to transfer its part of the syndicated loan in line with the clauses of the agreement, it shall notify the borrower and the correspondent bank in advance. Where the agreement requires the consent of the borrower for any loan transfer, the bank shall obtain the consent beforehand.

Article 40 Member banks shall regularly deliver information about the loan to local bankers associations, including the size of selling and holding the loan in the primary market, the transferred loans in the secondary market, the interest rate and charges of the loan, the loan terms, conditions of guarantee, credit rating of the borrower, etc.

Article 41 The banks which conduct syndicated loan business shall, according to these guidelines and their own operation and management capability, lay out the business policy and put in place related management mechanisms to control the loan risks, and designate relevant departments or staff to take care of daily operations.

Article 42 The banks who make a syndicated loan to a large business group shall ward off the risks rising from the related transactions within the group or from cross-guarantee activities among the connected parties. Where connected transactions or cross-guarantee activities frequently occur in the group, the lenders shall conduct stringent reviews on the creditworthiness of the borrower and rein in loan-makings.

## Chapter VI Charges for A Syndicated Loan

Article 43 The charges for a syndicated loan are intermediate fees charged by member banks for providing the borrower with finance advice, fundraising, credit guarantee, legal consultation and other financial services. These charges shall be included in the fee-based business management.

The charges shall be reasonably priced through negotiation between the borrower and the lenders based on the voluntary and fair principle, and shall be stated in the loan agreement or in an expense note.

Article 44 The charges may include arrangement fee, commitment fee, agent fee, etc., which shall be shared only among those members who provide corresponding services to the borrower.

The arrangement fee is normally paid in a lump-sum at a certain proportion of the total loan amount; the commitment fee is usually paid once a year according to the agreement at a certain proportion of unused balance; the agent fee may be paid annually according to the workload of the correspondent bank.

Article 45 The borrower shall pay the charges in compliance with the principle of “who borrows, who pays”. The category and amount of the charges shall be negotiated by the lenders and the borrower rather than be simply priced by lending rates plus basic points.

Article 46 The leading bank shall not append any unreasonable terms to member banks, shall not increase competition in the syndicated loan market by offering services with free charges, and shall not bundle up other financial products to sell to or charge member banks or the borrower for other fees at the excuse for loan preparation.

#### Chapter VII Supplementary Provisions

Article 47 The guidelines are subject to the interpretation of the CBRC. Where there is discrepancy between these guidelines and previously promulgated rules related to syndicated loans, these guidelines shall prevail.

Article 48 The guidelines shall become effective as of the date of promulgation.