

CCB – Bockenheimer Landstr. 51-53 – 60325 Frankfurt

Mr. Weihua Lv

08th November 2013

Written Reminder regarding double payment transfer of two FX deals executed on 31.10.2013 amounting to EUR 116.756.896,19 total with BNP Paribas Hong Kong Branch and BNP Paribas Paris

Dear Mr. Lv,

we refer to the talks held with you last week and today and your e-mail to the signer to the left.

After a careful, deep and thorough examination of this case we express our deep dissatisfaction about your serious wrongdoing, mistakes and violations related to the aforementioned issues. Your actions caused a loss of confidence to you.

We clearly point out that we do not accept your series of errors to the bank for which we held you responsible. In order express our dissatisfaction and to avoid further mistake makings by you we are forced to issue this strong written reminder to you.

In detail we claim the following misconduct/misbehavior/wrongdoing and excess of your approval authorities towards you:

Selling of total EUR 116,756,896.19 to BNP Paris value 31.10.2013 (two deals)

On 31.10.2013 at 9:19 a.m. you called BNP Hong Kong for selling two deals amounting to EUR 116,756,896.19 value 31.10.2013. BNP Hong Kong quoted the rate but declared that they were doing the deal under the name of BNP Paris.

You disobeyed this instruction and inputted the two deals wrongly into our MTS system.

According to enclosure A to this letter the counterparties of the two deals should have been BNP Paris instead of BNP Hong Kong! On 31.10.2013 between 10.48 a.m. and 10.51 a.m. you printed out the two SWAP tickets, generated by MTS together with your original dealing-conversation sheets, generated by Reuters Dealing system and forwarded them to our Back Office.

Back Office checked the dealing details on the MTS tickets with the Dealing-conversations, but failed to detect your input mistake. Your wrongly inputted deals had been booked into our internal OCBS system and consequently the payments of the two deals amounting totally EUR 116,756,896.19 had been wrongly executed to BNP Hong Kong.

At this stage we have to point out that you should always be very careful regarding all dealing details including counterparties, limits, deal amounts, value dates, matured dates and rates. With your experience you must know that even one small mistake in the data input can cause huge losses or violations against our internal banking regulations and German banking laws

On 31.10.2013 at approximately 11.00 a.m. back office got two messages from BNP Paris Hong Kong stating that according to their records they have not dealt with us regarding the two mentioned transactions of EUR 51.087.432,49 and EUR 65.669.463,70 (enclosure A).

Back Office informed you about this error.

Based on this info you updated the two SWAP deals with the correct counterparty BNP Paris in our MTS system. The Back Office checked the updated deals and carried out the second EUR Payments amounting to EUR 116.756.896,19 (enclosure B).

The second EUR payments had been the correct payments, but the first EUR payments had not been cancelled parallel due to the fact that the updated instruction had been blocked in our OPICS system.

Before you updated the two SWAP deals you should have asked Back Office whether the first EUR payments had been already disbursed or not. If you had asked this question to Back Office and if you had received the information that the first deals had already been paid out you should have contacted immediately the wrong counterparty (BNP Hong Kong) without any delay and demand the wrongly executed first two payments back.

Due to the fact that you did not raise this question you could not get this answer and had not been able to react in the described way. On the other hand it must have been very clear to you that with the receipt of the two BNP Hong Kong's messages: "according to our records, we have not dealt with you for the above mentioned transaction" the payments must have been already carried out (enclosure A).

Although also Back Office should have informed you about the payments execution you did not ask from them this important information.

After you inputted the update in MTS system, you and Back Office should have checked whether the wrong first deal had been successfully cancelled without any delay. By finding the fact that the updating instruction was blocked, emergent measures should have been taken by you to send the cancellation to the wrong counterparty immediately and to get the wrong paid amounts repaid. Since neither you nor Back Office checked this issue in time, the wrong EUR payments stayed unchanged until the Hong Kong market closed (enclosure C - correction dealers Slips 11:57 and 11:58).

You should have first cancelled the wrong deal and then input the new correct deal. A "deal update" is incorrect and causes the blocking of instructions. You should have been more careful in this matter because it was the first time that a SWAP counterparty name was wrongly inputted and you could not have been sure whether our system will accept an update instruction to cancel the deals.

Finally too late, at 3 p.m. on 31.10.2013 back office found out that the first SWAP booking was not cancelled by the update instruction and the first EUR payment was not cancelled by the update instruction either which means that there were still two bookings and two EUR payments.

According to your information BNP Hong Kong was contacted and asked by you to pay back the two wrong executed payments to our account as quick as possible. BNP Hong Kong – according to your information - agreed to pay back the two payments but they informed you that they could send these instructions only one business day later because of the time difference. At that time Hong Kong was already closed for business transactions.

with kind regards

:

China Construction Bank Corporation
Niederlassung Frankfurt am Main
Senior Management

received:


Biao Li


Karl Sternheimer


Weihua Lv

enclosures

enclosure A

Thu Oct 31 2013 10:51:00

CHINA CONSTRUCTION BANK

FxSwap Deals

Deal Printed

10/31/2013 - lwh

Deal: VAL_CAP_SWP:13296

Round Swap

BFT

BFT-FXTD

BFTSWPFUD

FT br fxswp_funding trade

Trade Date: 10/31/2013

Counterparty: FT8BNPHK FT8BNP Paribas Hong Kong Branch

Instrument: FOREX-SWAP FOREIGN EXCHANGE SWAP

CP:

Value Date: 10/31/2013

Sell EUR: -51 087 432.49

Buy USD: +70 000 000.00

Spot Rate: 1.370200000

Maturity Date: 11/29/2013

Number of Days: 29

Buy EUR: +51 084 524.45

Sell USD: -70 000 000.00

Option Date:

Far Points: 0.780000000

Far Fwd: 1.370278000

Payment

Near Pay EUR to:

Payment Comment:

Far Pay USD to:

Payment Comment:

USD Receive to/Pay from:

EUR Pay from/Receive to:

Far Margin:

Spot Margin:

Local Far Points:

FxSwap EUR/USD: BFTSWPINT

Interest Rate EUR:

Interest Rate USD:

Split:

Local: EUR/USD 1.370200000

Brokerage:

Broker:

Brokerage Currency:

Brokerage:

Clearing Mode:

Purpose:

Comment:

Ticket Id:

Trader Stamp

Manager Stamp

Administration Stamp

MARKET
CONFORMITY
CHECK

approved: wang jin

29NOV13 WE BUY AND SELL 70,000,000.00 USD at +0.78
RATES 1.3702 AND 1.370278

th BPHK FOR THIS DEAL IS BNP PARIBAS PARIS
via BPHK BNP PARIBAS PARIS-HK - *

51,087,432.49 EUR THU 31OCT2013

] BNP PARIBAS, NY

70,000,000.00 USD THU 31OCT2013

] CITI BANK NY ACCT 36152997

70,000,000.00 USD FRI 29NOV2013

] BNP PARIBAS, PARIS

51,084,524.45 EUR FRI 29NOV2013

] DIRECT VIA ***T

Clearing House:

Our clearing member:

Their clearing member:

Comment

Comment

Our User SD = Stefan Dupre

Terminal Controller CCBF

CONVERSATION TXN ID CCBF440422BPHK1310310932 STARTING 0931GMT THU 31OCT13

REVIEW 1062 TICKET CCBF#25071 CONFIRMED 0936GMT THU 31OCT13

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TO BPHK BNP PARIBAS PARIS-HK * 0932GMT 311013 */1062

CNV

Our terminal : CCBF Our user : Stefan Dupre

I SWP EURUSD

YIN> HIHI

I SD HELLO THERE> WE BUY AND SELL USD USD AMT 70MIO

I VAL TODAY MAT 29NOV 2013

MP

0.78 OFFER

I DONE

TO CONFIRM 70 MIO AGREED AT +0.78 I BUY AND SELL USD

RATES ARE 1.3702

AND 1.370278

VAL 31OCT2013 AND 29NOV2013

MY USD TO BNP PARIBAS, NY

MY EUR TO BNP PARIBAS, PARIS

YOUR COUNTERPARTY FOR THIS DEAL IS BNP PARIBAS PARIS

THX

I USKY FRND

I WE BUY AND SELL USD

OH YA SORRY

CFM BNPP S/B USD 70MIO AT 0.78 THX

I TO CONFIRM AT +0.78 I BUY AND SELL 70 MIO USD

I RATES ARE 1.3702 AND 1.370278

I VAL 31OCT2013 AND 29NOV2013

I MY EUR TO PCBCDEFFXXX(DIRECT VIA ***T A R G E T***)

I MY USD TO CITI BANK NY ACCT 36152997

I TKS AND BIBI

BIBIBI

#INTERRUPT#

#END REMOTE#

TKT EDIT OF CNV 1062 BY SD 0936GMT 31OCT2013

STATUS CONFIRMED

2013103139900078939HOX

{1:F21PCBCDEFFAXXX8666547495}{4:{177:1310311141}{451:0}}{1:F01PCB
CDEFFAXXX8666547495}{2:03991140131031ACCOBEB3CXXX10307876351310311
140N}{3:{108:B3FA38D5A0A6HI1I}}{4:
:20:B3FA38D5A0A6HI1I
:79:Message sent by BNPAHKHHXXX

Attn: FX Settlements Dept.

URGENT.....URGENT

Re Your SWIFT Confirmation MT300 under your
TRN 2130007400105435 with the following
deal details.

PCBCDEFFXXX
buy USD70,000,000
sold EUR51,087,432.49
at 1.3702
value 2013-10-31 done on 2013-10-31

According to our records, we have not dealt
with you for the above mentioned transaction.
Please urgently investigate and send us
your cancellation asap.

Thanks and regards,
Cyrus Ng
Fixed Income Operations
BNP Paribas, Hong Kong
-}{5:{CHK:2F661AE3DCE1}}{S:{COP:P}}•

Thu Oct 31 2013 10:48:40

CHINA CONSTRUCTION BANK

FxSwap Deals

Deal Printed		10/31/2013 - lwh	
Deal: VAL_CAP_SWP:13295			
Round Swap			
BFT	BFT-FXTD	BFTSWPFUD	FT br fxswp_funding trade
Trade Date:	10/31/2013		
Counterparty:	FT8BNPHK	FT8BNP Paribas Hong Kong Branch	Round
Instrument:	FOREX-SWAP	FOREIGN EXCHANGE SWAP	
CP:			
Value Date:	10/31/2013	Spot Rate:	1.370500000
Sell EUR:	-65 669 463.70		
Buy USD:	+90 000 000.00		
Maturity Date:	11/29/2013	Option Date:	
Number of Days:	29	Far Points:	0.780000000
Buy EUR:	+65 665 726.43	Far Fwd:	1.370578000
Sell USD:	-90 000 000.00		
Payment			
Near Pay EUR to:			
Payment Comment:			
Far Pay USD to:			
Payment Comment:			
USD Receive to/Pay from:			
EUR Pay from/Receive to:			
Far Margin:			
Spot Margin:			
Local Far Points:			
FxSwap EUR/USD:	BFTSWPINT		
Interest Rate EUR:			
Interest Rate USD:			
Split:			
Local:	EUR/USD	1.370500000	
Brokerage			
Broker:			
Brokerage Currency:			
Brokerage:			
Clearing Mode:			
Purpose:			
Comment:			

3000738

31/10

3000739

~~29/11~~

Ticket Id:		
Trader Stamp	Manager Stamp	Administration Stamp
王维华		

MARKET
CONFORMITY
CHECK

approved: wang jin

NOV13 WE BUY AND SELL 90,000,000.00 USD at +0.78
RATES 1.3705 AND 1.370578

with BPHK FOR THIS DEAL IS BNP PARIBAS PARIS

ag via BPHK BNP PARIBAS PARIS-HK - *

65,669,463.70 EUR THU 31OCT2013

] BNP PARIS

90,000,000.00 USD THU 31OCT2013

] CITI BANK NY ACCT 36152997

90,000,000.00 USD FRI 29NOV2013

] BNP NEW YORK

65,665,726.43 EUR FRI 29NOV2013

] VIA ***T

Clearing House:

Our clearing member:

Their clearing member:

Comment

Comment

Our User SD = Stefan Dupre

CONVERSATION TXN ID CCBF438982BPHK1310310912 STARTING 0911GMT THU 31OCT13
REVIEW 1058 TICKET CCBF#25068 CONFIRMED 0919GMT THU 31OCT13

((
:
:
:
:))

] BPHK BNP PARIBAS PARIS-HK * 0912GMT 311013 */1058
Our terminal : CCBF Our user : Stefan Dupre

CHV

SWP EURUSD

YIN> HI

SD HELLO THERE> WE SEE BUY AND SELL USD AMT 90MIO
VAL TOPEE TDEE TODAY MAT 30NOV 2013

MP

31OCT AGT 30NOV

0.80 OFFER

((INTERRUPT#

ACTUALLY 30NOV IS A SATURDAY... CAN YOU CHANGE A FAR LEG DAT
E PLS?

RLT

VAL TODAY MAT 29NOV 2013 PLS

0.78 OFFER

MP

DONE

THANK U VM

CFM BNPP S/B USD 90MIO AGT EUR AT +0.78

VAL 31OCT2013 AND 29NOV2013

RATES ARE 1.3705

AND 1.370578

EUR TO BNP PARIS

USD TO BNP NEW YORK

YOUR COUNTERPARTY FOR THIS DEAL IS BNP PARIBAS PARIS

THANK U VM

TO CFM WE BUY AND SELL 90MIO USD AG EUR

VAL 31OCT 2013 MAT 29NOV 2013

BY USD TO CITI BANK NY ACCT 36152997

MY EURO TO PCBCDEFFXXX(VIA ***T A R G E T***)

TKS VM

THANK U VM! BIBI

CHEERS

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CDEFFAXXX8666547494}{2:O3991140131031ACCOBEB3BXXX13417529791310311
140N}{3:{108:B3FA38D5A0A5HI1I}}{4:
:20:B3FA38D5A0A5HI1I
:79:Message sent by BNPAHKHHXXX

Attn: FX Settlements Dept.

URGENT.....URGENT

Re Your SWIFT Confirmation MT300 under your
TRN 2130007380104924 with the following
deal details.

PCBCDEFFXXX

buy USD90,000,000

sold EUR65,669,463.7

at 1.3705

value 2013-10-31 done on 2013-10-31

According to our records, we have not dealt
with you for the above mentioned transaction.
Please urgently investigate and send us
your cancellation asap.

Thanks and regards,

Cyrus Ng

Fixed Income Operations

BNP Paribas, Hong Kong

-}{5:{CHK:6DD2A20DB05C}}{S:{COP:P}}•

CHINA CONSTRUCTION BANK

FxSwap Deals

Deal Printed		10/31/2013 - lwh	
Deal: VAL_CAP_SWP:13296			
Round Swap			
<input type="checkbox"/> BFT	<input type="checkbox"/> BFT-FXTD	<input type="checkbox"/> BFTSWPFUD	FT br fxswp_funding trade
Trade Date: 10/31/2013			
Counterparty: FT8BNPHOPR		FT8BNP Paribas Paris	
Instrument: FOREX-SWAP		FOREIGN EXCHANGE SWAP	
CP:			
Value Date: 10/31/2013		Spot Rate: 1.370200000	
Sell EUR: -51 087 432.49			
Buy USD: +70 000 000.00			
Maturity Date: 11/29/2013		Option Date:	
Number of Days: 29		Far Points: 0.780000000	
Buy EUR: +51 084 524.45		Far Fwd: 1.370278000	
Sell USD: -70 000 000.00			
Payment			
Near Pay EUR to:			
Payment Comment:			
Far Pay USD to:			
Payment Comment:			
USD Receive to/Pay from:			
EUR Pay from/Receive to:			
Far Margin:		Spot Margin:	
		Local Far Points:	
FxSwap EUR/USD: BFTSWPINT			
Interest Rate EUR:		Interest Rate USD:	
Split:			
Local: EUR/USD 1.370200000			
Brokerage			
Broker:			
Brokerage Currency:			
Brokerage:			
Clearing Mode:			
Purpose:			
Comment:			

Enclosure B

300 744

300 745

Ticket Id:		
Trader Stamp	Manager Stamp	Administration Stamp
吕维华		

MARKET
CONFORMITY
CHECK

approved: wang jin

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DEFFAXXX8666547459}{2:O3001049131031BNPAFRPPFXXX13226989391310311
049N}{3:{108:FXO019PJV0T24000}}{4:
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:22A:NEWT
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:87A:PCBCDEFFXXX
:77H:ISDA/20010808//1992
:15B:
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:30V:20131031
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:57A:/FR8930004056580000088800U55
BNPAFRPPXXX
:33B:USD70000000,
:53A:BNPAUS3NXXX
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CITIUS33XXX
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:15C:
:24D:PHON
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TBMS

Thu Oct 31 2013 11:58:24

CHINA CONSTRUCTION BANK**FxSwap Deals**

Deal Printed		10/31/2013 - lwh	
Deal: VAL_CAP_SWP:13295			
Round Swap			
BFT	BFT-FXTD	BFTSWPFUD	FT br fxswp_funding trade
Trade Date:	10/31/2013	Round	
Counterparty:	FT8BNPHOPR	FT8BNP Paribas Paris	
Instrument:	FOREX-SWAP	FOREIGN EXCHANGE SWAP	
CP:			
Value Date:	10/31/2013	Spot Rate:	1.370500000
Sell EUR:	-65 669 463.70		
Buy USD:	+90 000 000.00		
Maturity Date:	11/29/2013	Option Date:	
Number of Days:	29	Far Points:	0.780000000
Buy EUR:	+65 665 726.43	Far Fwd:	1.370578000
Sell USD:	-90 000 000.00		
Payment			
Near Pay EUR to:			
Payment Comment:			
Far Pay USD to:			
Payment Comment:			
USD Receive to/Pay from:			
EUR Pay from/Receive to:			
Far Margin:		Spot Margin:	
		Local Far Points:	
FxSwap EUR/USD:		BFTSWPINT	
Interest Rate EUR:		Interest Rate USD:	
Split:			
Local: EUR/USD 1.370500000			
Brokerage			
Broker:			
Brokerage Currency:			
Brokerage:			
Clearing Mode:			
Purpose:			
Comment:			

300 746

300 747

MARKET
CONFORMITY
CHECK

approved:

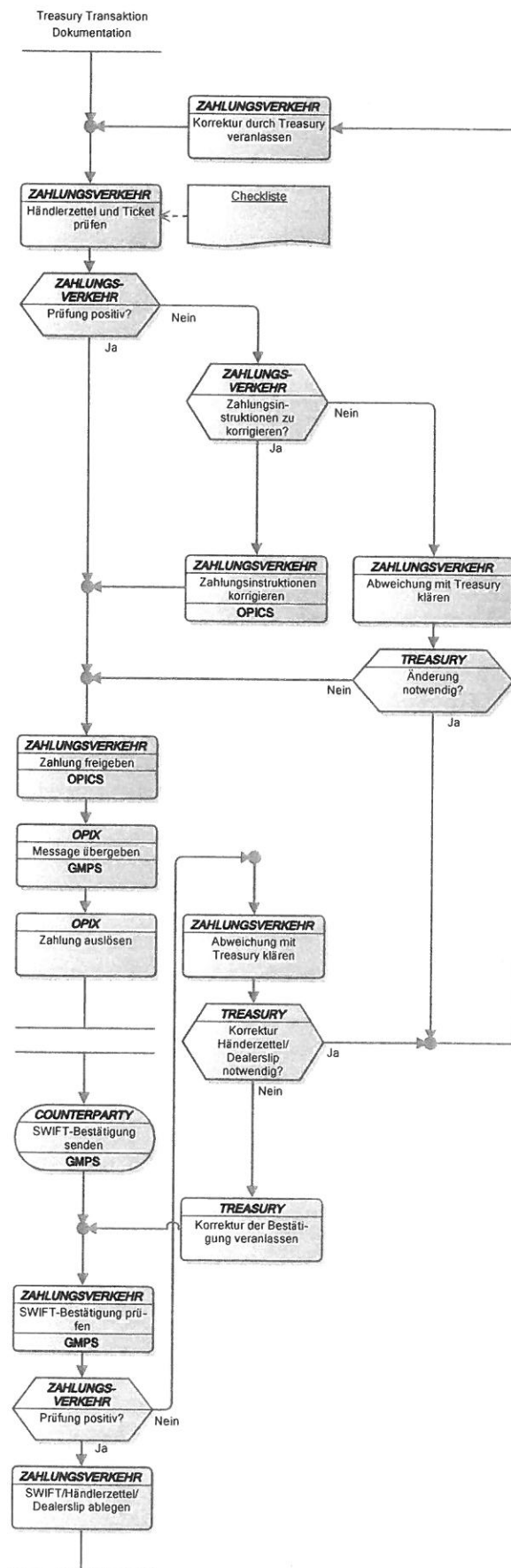
wang jiu

Ticket Id:

Trader Stamp	Manager Stamp	Administration Stamp
王维华		

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:32B:EUR65669463,7
:57A:/FR8930004056580000088800U55
BNPAFRPPXXX
:33B:USD900000000,
:53A:BNPAUS3NXXX
:57A:/36152997
CITIUS33XXX
:15C:
:24D:PHON
-}{5:{CHK:9CF1B7EF7775}}{S:{COP:P}}.

2013103130000074524HOX
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BNPAFRPPXXX
:57A:PCBCDEFFXXX
:15C:
:24D:PHON
-}{5:{CHK:2184B857939C}}{S:{COP:P}}•





Enclosure C

