China CITIC Bank, London Branch

DELEGATION OF AUTHORITY FRAMEWORK

Document Control

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| 1.1 | G Lowe | ManCo |  | ManCo requested DOA updated to reflect :   1. Financial Markets DOA 2. Compliance AML DOA |
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# **1. Framework Overview**

This document outlines the framework of the delegated authority and power of attorney granted to the President of China CITIC Bank, London Branch (“the Branch” or “CNCBLB”) dated ***19/2/2019*** which delegates both operational capacity and risk limits to the CNCBLB President for the operations and management of the Branch.

In accordance with the 2019 Authorisation Letter, the CNCBLB President may transfer authorisation within the scope of his authorisation. This framework sets out the CNCBLB President’s delegation of authority to senior management of the Branch to effectively manage the business of the Branch.

These authority limits are detailed in ***APPENDIX A*** – Delegated Authority Matrix and will be conveyed to each individual through the acceptance of a ‘Sub-Delegation Letter (example in **APPENDIX D**).

# **2. Objective**

Delegated authority levels should enable decision making powers throughout the Branch to facilitate effective management of CNCBLB’s business. Authorisation limits and the delegation of authority within the Branch ensures business continuity and develops good business practice and corporate governance by:

1. Providing a ‘Delegated Authority Matrix’ that reflects authority limits that are appropriate to operating the Branch and empowering management to be able to act effectively and make key decisions in relation to the Branches business requirements; and
2. Providing authority for entering into contracts, commitments and appropriating company assets in the course of conducting Branch business.

This document serves as a single point of reference for the CNCBLB’s authority limits.

All staff members are expected to understand their authorisation limits, as well as those of their direct reports, along with related policies, and to exercise a duty of care with respect to decisions made and commitments and contracts entered into on behalf of the Branch.

# **3. General Principles**

The following general principles will apply to these procedures:

* Delegated Authorities are attached to the position occupied and not to the occupant of the position;
* The Delegation of Authorities will be reviewed at least annually or at the request of the President and will be synchronised with the annually review of the Head Office delegation of authority to the CNCBLB President;
* An individual may not act as if they had authority where they have no authority or where a transaction exceeds the individual’s level of authority;
* Where an individual’s authority limit is exceeded by a single transaction, escalation to the next level must occur. In certain circumstances, such as large and/or unusual transactions, proper execution may require the approval of more than one officer;
* No sub-delegation of authority is allowed without written authority from the President; and
* Where any doubt as to conflict of interest exists, authority for approval of the transaction should be escalated to the President.

# **3. Methodology**

The Delegation of Authority within CNCBLB will be presented in the ‘Delegated Authority Matrix’ which has been developed using the following methodology:

## **Branch Delegation of Authority**

***Delegation of Authority by Process***

As per the Presidents Delegated Authority dated 19/2/2019, this framework defines the processes within the Branch where the CNCBLB’s President may grant authority to the senior management of the Branch. The following processes are considered under the ‘Delegated Authority Matrix’ ***(See APPENDIX A)***:

* Branch Operational Capacity
* Financial Objectives
* Credit Authority
* Financial Markets Authority
* Daily Branch Operations

The following processes are reserved for the CNCBLB President:

* The right to delegate authority granted under the HO Authorisation Letter;
* Primary contact with UK Regulators;
* Final sign-off of any employment/dismissal of CNCBLB staff;
* Final sign-off for CNCB expat staff joining CNCBLB;
* Any capital expenditure up to USD 150,000;
* Operational expenses up to USD 150,000;
* Business expenses above USD 500
* Fixed Asset disposal up to USD 100,000; and
* On-boarding customers.

**Categories of Delegated Authority**

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Details** |
| 1 | Full Authority / Veto Rights | Full authority to contractually commit CNCB and/or CNCBLB  Rights to veto decisions |
| 2 | Full Authority (Absence of President) | In the absence of the CNCBLB President (business or holiday) the full authority to contractually commit CNCB and/or CNCBLB is temporarily transferred.  No veto rights transferred |
| 3 | Full Authority (Position) | Under the SMCR and internal policies, certain positions hold delegated authority to act independently in order to fulfil responsibilities or execute business. |
| 4 | A signatory | As approved by ManCo under the CNCBLB’s authorised signatories |
| 5 | B signatory | As approved by ManCo under the CNCBLB’s authorised signatories |

## **Financial Markets Delegation of Authority**

***Delegation of Authority by Process***

As per the HO Financial Markets DOA dated 4/3/2019, this framework defines the processes within the Branch where CNCBLB’s President may grant authority to the senior management of the Branch. The HO Financial Markets grants London Branch Financial Markets granular limits within the HO Presidents overall DOA. HO Financial Markets provide authorities under the following ‘Permitted Business’:

* Trading
* Investment
* Treasury

The ‘Delegated Authority Matrix’ ***(See APPENDIX B)*** reflects authorities of the President, Vice-President, Head of Financial Markets and Financial Market traders.

**Categories of Delegated Authority**

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Details** |
| 1 | Full Authority (HO) | Full authority granted by HO to contractually commit CNCB and/or CNCBLB to transactions in the Financial Markets  Rights to veto decisions |
| 2 | Full Authority (Business) | Responsible for all Business within the London Branch.  Delegated authority below HO authority |
| 3 | Trade Execution | Delegated Authority to contractually commit London branch to financial market transactions within agreed limits. |
| 4 | US$ Approved Amounts | HO Financial Market product limits for London Branch  Granular limits set to ensure London Branch remain within overall HO President limits |

## **Compliance AML Delegation of Authority**

***Delegation of Authority by Process***

As per the HO approval of the London Branches Anti-Money Laundering program (“AML Program”) dated 18/6/2019, this framework defines the processes within the Branch where CNCBLB’s President may grant authority to the senior management of the Branch. The AML program considers the following Compliance aspects under the ‘Delegated Authority Matrix’:

* Governance
* Human Resources
* Policies and Procedures
* Clients and Counterparties
* Products and Business

The ‘Delegated Authority Matrix’ ***(See APPENDIX C)*** reflects authorities of the President, Vice-President, Chief Compliance Officer/Compliance Department, Chief Risk Officer/Risk Department, HR and Administration, Business Development, Financial Markets and Operations.

**Categories of Delegated Authority**

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Details** |
| 1 | Reviewing and Approving | Full authority to approve AML policies and procedures with rights to veto decisions |
| 2 | Assisting in reviewing and approving | Authority to set policy and procedures; and implement AML controls |
| 3 | Review (Level 2) | Authority to challenge and provide guidance for all Compliance aspects |
| 4 | Review (Level 1) | Authority to challenge or provide guidance from specific business perspective |

# **4. Framework ownership/review**

The Chief Risk Officer will act as custodian for the delegated authority framework and will maintain up-to-date records of any changes. The DOA framework has been developed and will be maintained using the following documents:

1. CNCB Branch Delegated Authority Owner : Branch President
2. CNCB Financial Markets Delegated Authority Owner : Branch Vice-President
3. CNCB Anti-Money Laundering Program Owner : Chief Compliance Officer

The final approval and review of the delegated authority framework will be the responsibility of ManCo.

The Chief Risk Officer will collate all changes to delegated authority for the Branch, Financial Markets and Compliance, and will be responsible for informing all parties of changes to the Delegation of Authorities.

# **APPENDIX A – Branch Delegated Authority Matrix**



# **APPENDIX B – Financial Markets Delegated Authority Matrix**

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# **APPENDIX C – AML Delegated Authority Matrix**

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# **APPENDIX D – Sub- Delegation Letter (Example)**

Dear ………………………

**AUTHORISATION of SUB-DELEGATION**

In your position of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and in addition to your regulatory responsibilities and in terms of the Letter of Authority granted to me by Head Office; I am sub-delegating to you the authorities outlined in **Schedule A**, which is attached to this letter.

By signing this letter you agree that you have read and accept that you are required to operate within the Delegated Authority Framework and attached Delegation Authority schedule.

This sub-delegations specified above apply until:

1. they are formally withdrawn in writing, or;
2. you cease to be in the above position.

Delegated Authority will be up dated from time to time and it is your responsibility to ensure that you operate within the latest version. The Chief Risk Officer will advise you when updating has occurred.

Yours Sincerely

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I acknowledge and accepted the delegated authority outlined in this letter

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Schedule A (EXAMPLE)**

Delegated Authority for : CHIEF RISK OFFICER

Dated : 15/05/2019

|  |  |  |
| --- | --- | --- |
| **Process** | **Authority** | **Additional Authority required** |
| **Branch Operational Capacity**   * Sign operational contracts * Sign legal contracts * Business veto (CNCB requests) | * B Signatory * B Signatory * In Presidents absence | * Authorised Signatories * Authorised Signatories |
| **Financial Objectives**   * No Authority |  |  |
| **Credit Authority**   * Corporate transactions (within HO DOA) * Counterparty transactions (within HO DOA) | * Full Authority (Position/Policy) * Full Authority (Position/Policy) | * Chairman - Credit Committee * Chairman - Credit Committee |
| **Financial Markets Authority**   * Middle Office (Create CP, Limit allocation, market risk, etc.) | * Full Authority (Position/Policy) | * Financial Markets |
| **Daily Branch operations**   * Asset Impairment * Payments | * Full Authority (Position/Policy) * B Signatory | * Chairman - Credit Committee * Authorised Signatories |
| **Other Specific Authority**   * Regulatory (SMF or Certified) * Management Responsibilities Map * Management Responsibilities Map * Management Responsibilities Map | * SMF 4 (Chief Risk Function) * ZD (Risk management process) * ZM (Outsourcing) * 21 (Middle Office) | GEL01022 |

I agree the above delegated authorities and responsibilities

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_