

## **Standard Chartered Japan Receives Business Improvement Order from Japan's Financial Services Agency**

**Tokyo, 15 February 2011** – Standard Chartered Bank Japan Branch (“Standard Chartered Bank Japan”) has received a business improvement order from Japan's Financial Services Agency today. The order, based on the Article 47-(2), 47-(4) and Article 26-(1) of the Banking Act, corresponds to the findings of a regular inspection of Standard Chartered Bank Japan that was conducted from February 2010.

### **Outline of Business Improvement Order:**

1. Establish an internal control system (including adequate staffing and the construction of a proper organization and structure) in regards to compliance with laws, regulations, etc., from the following perspectives:
  - 1) An unequivocal statement of the management's commitment and responsibilities with respect to compliance with laws and regulations, etc.;
  - 2) Reconstruct and develop legal and compliance functions;
  - 3) Ensure a thorough understanding of and compliance with laws and regulations by officers and employees, and foster and improve their awareness of compliance with laws and regulations; and
  - 4) Fundamentally re-evaluate the structure, method, etc. of audits to ensure that business operations are properly run and controlled in compliance with laws and regulations, and implement effective audits and post-audit follow-up reviews.
2. Submit a business improvement plan (including the evaluation of the effectiveness of business improvements with respect to matters pointed out in the previous inspection) pertaining to the matters pointed out in 1. above as well as in the notice of the inspection results and the order for reporting, by March 15 2011, and execute the plan immediately. Also take any and all measures to protect customers as necessary.
3. Subsequent to the implementation of 2. above, report the progress and implementation status of the business improvement plan and the status of improvements made as a result by the fifteenth day of the following month, every three months starting the end of May 2011 (1st report), until the business improvement plan is completed.

The business improvement order does not affect Standard Chartered Bank Japan's ability to serve its clients.

Standard Chartered Bank Japan takes the results of this inspection very seriously. The Bank has already embarked on the necessary measures and steps to rectify the identified shortcomings and to prevent further occurrence. Standard Chartered Bank Japan is committed to provide the highest standard of operational procedures and internal controls to its stakeholders. Standard Chartered Japan would like to express its sincere apology to its clients and other parties concerned.

Standard Chartered has been operating in Japan for over 130 years and remains fully committed to its clients and customers and the Japanese market.

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