Law of the People’s Republic of China on the People’s Bank of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of defining the status and functions of the People's Bank of China, ensuring the correct formulation and implementation of the State's monetary policies, establishing and improving the central bank's macro-control and regulatory system, safeguarding the stability of the financial system, and promoting the development of the financial industry.

Article 2 — The People's Bank of China is the central bank of the People's Republic of China. The People's Bank of China shall, under the leadership of the State Council, formulate and implement monetary policy, prevent and defuse financial risks, and maintain financial stability.

Article 3 — The objective of monetary policy shall be to maintain the stability of the value of the currency and thereby promote economic growth.

Article 4 — The People's Bank of China shall perform the following functions: (1) issuing orders and regulations concerning the performance of its functions; (2) formulating and implementing monetary policy in accordance with the law; (3) issuing Renminbi and administering the circulation of Renminbi; (4) supervising and administering the interbank lending market and the interbank bond market; (5) administering the State treasury; (6) administering the State foreign exchange reserves and gold reserves; (7) maintaining the balance of payments; (8) operating the payment and settlement systems; (9) guiding and making arrangements for anti-money laundering work in the financial industry and monitoring anti-money laundering compliance; (10) compiling financial statistics, conducting surveys, and performing analysis and forecasting; (11) participating in international financial activities as the central bank of the State; and (12) performing other functions prescribed by the State Council.

Article 5 — The People's Bank of China shall submit matters relating to the money supply, interest rates, exchange rates, and other important matters specified by the State Council to the State Council for approval before implementation. Where the People's Bank of China decides on other monetary policy matters, it shall implement them immediately and submit the same to the State Council for filing.

Article 6 — The People's Bank of China shall submit an annual work report to the Standing Committee of the National People's Congress on matters concerning monetary policy and financial stability.

Article 7 — The People's Bank of China shall, under the leadership of the State Council, independently implement monetary policy, perform its functions, and conduct its operations in accordance with the law, free from interference by local governments, government departments at any level, social organizations, or individuals.

Article 8 — The entire capital of the People's Bank of China shall be contributed by the State and shall belong to the State.

Chapter II — Organizational Structure

Article 9 — The People's Bank of China shall have a Governor. The Governor of the People's Bank of China shall be nominated by the Premier of the State Council and decided by the National People's Congress. When the National People's Congress is not in session, the Standing Committee of the National People's Congress shall decide on the nomination and the President of the People's Republic of China shall appoint or remove the Governor. The Deputy Governors of the People's Bank of China shall be appointed or removed by the Premier of the State Council.

Article 10 — The People's Bank of China shall adopt a Governor responsibility system. The Governor shall lead the work of the People's Bank of China, and the Deputy Governors shall assist the Governor in his or her work.

Article 11 — The People's Bank of China shall establish a monetary policy committee the functions, composition, and working procedures of which shall be prescribed by the State Council and submitted to the

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Standing Committee of the National People's Congress for filing. The monetary policy committee shall play an important role in the macro-control of the national economy and the formulation and adjustment of monetary policy.

Article 12 — The People's Bank of China shall, as needed for the performance of its functions, establish branch offices as its dispatched institutions. The People's Bank of China shall exercise centralized and unified leadership and administration over its branch offices. The branch offices of the People's Bank of China shall, as authorized by the People's Bank of China, maintain financial stability in their respective jurisdictions and handle relevant business operations.

Article 13 — The Governor, Deputy Governors, and other functionaries of the People's Bank of China shall be diligent and conscientious in performing their duties, shall not abuse their powers or neglect their duties, and shall not hold concurrent positions in any financial institution, enterprise, or foundation under any circumstances.

Article 14 — The Governor, Deputy Governors, and other functionaries of the People's Bank of China shall keep confidential any State secrets and the trade secrets of the financial institutions under their supervision and administration that come to their knowledge in the course of performing their duties.

Chapter III — Renminbi

Article 15 — The legal tender of the People's Republic of China is the Renminbi. Renminbi shall be used for the payment of all public and private debts within the territory of China, and no entity or individual shall refuse to accept it.

Article 16 — The unit of the Renminbi is the yuan, and the units of the fractional currency of the Renminbi are the jiao and the fen.

Article 17 — Renminbi shall be uniformly printed and issued by the People's Bank of China. No entity or individual shall print or issue currency without authorization. The People's Bank of China shall publish public notices when issuing new editions of Renminbi. The denominations, designs, patterns, and specifications of Renminbi shall be published by the People's Bank of China.

Article 18 — Counterfeiting of Renminbi is prohibited. The sale or purchase of counterfeit Renminbi is prohibited. The transportation, holding, or use of counterfeit Renminbi is prohibited. Deliberate damage to Renminbi is prohibited. The illegal use of the image of Renminbi in promotional materials, publications, or other goods is prohibited.

Article 19 — Any entity or individual shall not print or sell token tickets to be used in circulation in the market to replace Renminbi.

Article 20 — Damaged or soiled Renminbi shall be exchanged in accordance with the regulations of the People's Bank of China, and the People's Bank of China shall be responsible for collecting and destroying such currency.

Chapter IV — Operations

Article 21 — The People's Bank of China shall implement the monetary policy measures prescribed by the State Council. In order to implement monetary policy, the People's Bank of China may apply the following monetary policy instruments: (1) requiring banking financial institutions to deposit reserve funds at a prescribed ratio; (2) determining the base interest rates of the central bank; (3) conducting rediscount operations for banking financial institutions that have opened accounts with the People's Bank of China; (4) providing loans to commercial banks; (5) buying and selling government bonds, other government securities, and financial bonds on the open market; and (6) other monetary policy instruments prescribed by the State Council.

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Article 22 — The People's Bank of China shall, in accordance with the needs of the implementation of monetary policy, determine the amount, term, interest rate, and method of loans to commercial banks, provided that the term of such loans shall not exceed one year.

Article 23 — The People's Bank of China shall manage the State treasury on behalf of the State Council and may act as agent for the financial departments under the State Council in issuing and redeeming government bonds and other government securities to financial institutions.

Article 24 — The People's Bank of China may, as needed for the implementation of monetary policy and the maintenance of financial stability, conduct macro-prudential management and exercise regulatory powers over the financial market as prescribed by the State Council.

Article 25 — The People's Bank of China shall organize or assist in organizing banking financial institutions to settle accounts among themselves, coordinate the matters of such settlement, and provide settlement services.

Chapter V — Financial Supervision and Administration

Article 26 — The People's Bank of China shall have the power to conduct inspection and supervision over the deposit reserves, special loans, Renminbi management, interbank lending market, interbank bond market, foreign exchange management, gold management, and other operations of financial institutions.

Article 27 — The People's Bank of China shall, together with financial regulatory authorities under the State Council, establish a mechanism for the coordination of financial supervision and administration. The specific measures shall be prescribed by the State Council.

Article 28 — The People's Bank of China shall, in accordance with the needs of the performance of its functions, have the power to require financial institutions to submit balance sheets, income statements, and other financial accounting statements, statistical statements, and other materials.

Article 29 — To implement monetary policy and maintain financial stability, the People's Bank of China may recommend that the financial regulatory authorities under the State Council conduct inspection and supervision over banking financial institutions. The financial regulatory authorities under the State Council shall, within 30 days of receiving the recommendation, respond to the People's Bank of China.

Article 30 — When a payment and settlement system of a financial institution needs to be established or changed, or when relevant regulations of payment and settlement are to be formulated, the matter shall be reported to the People's Bank of China for approval or filing.

Article 31 — Where a financial institution is in danger of a payment crisis, which may trigger systemic financial risks and seriously affect financial stability, the People's Bank of China shall, upon the approval of the State Council, have the power to conduct inspection and supervision over such financial institution.

Chapter VI — Fiscal and Accounting Affairs

Article 32 — The People's Bank of China shall adopt an independent fiscal budget management system. The budget of the People's Bank of China shall be incorporated into the central budget upon the review and approval of the financial department under the State Council, and shall be subject to the budget management and supervision of the financial department under the State Council.

Article 33 — The People's Bank of China shall, at the end of each fiscal year, prepare a final account independently and submit it to the financial department under the State Council for review after completing the final accounting of its revenues and expenditures. The net profits of the People's Bank of China after drawing the general reserve fund at the prescribed rate shall all be turned over to the central finance. Losses of the People's Bank of China shall be made up by the central finance.

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Article 34 — The People's Bank of China shall not make an overdraft to the government or directly subscribe to or underwrite government bonds or other government securities.

Article 35 — The People's Bank of China shall not provide loans to local governments, government departments at any level, or non-bank financial institutions, unless otherwise decided by the State Council. The People's Bank of China shall not provide guarantees to any entity or individual.

Chapter VII — Legal Liability

Article 36 — Where any entity or individual counterfeits Renminbi, sells or purchases counterfeit Renminbi, transports, holds, or uses counterfeit Renminbi knowing it is counterfeit, or commits any other such illegal act, criminal liability shall be pursued in accordance with the law. Where the act does not constitute a crime, the public security authority shall impose a detention of up to 15 days and a fine of up to 10,000 yuan.

Article 37 — Where any entity or individual prints or sells token tickets to replace Renminbi in circulation in the market, the People's Bank of China shall order it to cease the illegal act and impose a fine of up to 200,000 yuan.

Article 38 — Where any entity or individual violates any other provision of this Law concerning the administration of Renminbi, the People's Bank of China shall order rectification and impose a fine. If the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 39 — Where any financial institution violates any provision of this Law or any relevant regulation, the People's Bank of China shall, depending on the circumstances, impose a fine, order it to suspend operations for rectification, or revoke its financial business license. The persons directly in charge and other directly responsible persons shall be disciplined or fined.

Article 40 — Where any functionary of the People's Bank of China violates any provision of this Law by divulging State secrets or the trade secrets under his or her knowledge, disciplinary sanctions shall be imposed. If the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 41 — Where any functionary of the People's Bank of China is found to have committed any illegal act such as corruption, bribery, or dereliction of duty, disciplinary sanctions shall be imposed. If the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Chapter VIII — Supplementary Provisions

Article 42 — For the purposes of this Law, "banking financial institutions" means commercial banks, urban credit cooperatives, rural credit cooperatives, and other financial institutions that accept deposits from the public, as well as policy banks established within the territory of the People's Republic of China.

Article 43 — This Law shall come into force as of the date of promulgation. The Interim Regulations of the People's Republic of China on the People's Bank of China shall be repealed simultaneously.

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