

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

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of establishing the status and functions of the People's Bank of China, defining the objectives of its monetary policy, improving the macro-control system of the central bank, strengthening financial supervision and regulation, and maintaining the stability of the financial system.

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 resolve financial risks, and maintain financial stability.

Article 3 — The objective of monetary policy is 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 and implementing orders and regulations relating to the performance of its functions;
- (2) Formulating and implementing monetary policy in accordance with the law;
- (3) Issuing Renminbi and administering its circulation;
- (4) Supervising and administering the interbank lending market, the interbank bond market, the foreign exchange market, and the gold market;
- (5) Preventing and mitigating systemic financial risks, and maintaining financial stability;
- (6) Holding, administering, and operating the state's foreign exchange reserves and gold reserves;
- (7) Managing the state treasury;
- (8) Maintaining the normal operation of the payment and settlement systems;
- (9) Guiding and deploying the anti-money laundering work of the financial industry, and monitoring anti-money laundering funds;
- (10) Carrying out statistics, surveys, analysis, and forecasting relating to the financial industry;
- (11) Engaging in relevant international financial activities as the central bank of the state;
- (12) Other functions prescribed by the State Council.

Article 5 — The People's Bank of China shall submit to the Standing Committee of the National People's Congress for approval decisions on the annual money supply, interest rates, exchange rates, and other important matters specified by the State Council before their implementation.

Article 6 — The People's Bank of China shall submit to the Standing Committee of the National People's Congress work reports on monetary policy and financial supervision and administration.

Article 7 — The People's Bank of China shall, under the leadership of the State Council, independently implement monetary policy, perform its functions and carry out its operations in accordance with the law, and shall not be subject to interference by local governments, government authorities at various levels, public organizations, or individuals.

Article 8 — All capital of the People's Bank of China shall be contributed by the state.

Chapter II — Organizational Structure

Article 9 — The People's Bank of China shall have a Governor. The Governor 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 the nomination, subject to confirmation by the National People's Congress. The Governor shall be appointed or removed by the President of the People's Republic of China in accordance with the decision of the National People's Congress or its Standing Committee.

The Vice Governor shall be appointed or removed by the Premier of the State Council.

Article 10 — The People's Bank of China shall implement a system of personal responsibility of the Governor. The Governor shall lead the work of the People's Bank of China, and the Vice 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 the Monetary Policy Committee shall be prescribed by the State Council and reported to the Standing Committee of the National People's Congress for filing. The Monetary Policy Committee of the People's Bank of China shall play an important role in the state macro-control and the formulation and adjustment of monetary policy.

Article 12 — The People's Bank of China shall, based on the needs of the performance of its functions, establish its branch offices as dispatched agencies. The People's Bank of China shall exercise centralized and unified leadership and management over its branch offices. The branch offices of the People's Bank of China shall, in accordance with the authorization of the People's Bank of China, safeguard the normal operation of the payment and settlement systems within their respective jurisdictions and undertake relevant operations.

Article 13 — The Governor, Vice Governors, and other staff members of the People's Bank of China shall scrupulously abide by their duties and shall not abuse their powers or neglect their duties, and shall not hold concurrent posts in any financial institution, enterprise, or foundation.

Article 14 — The Governor, Vice Governors, and other staff members of the People's Bank of China shall, in accordance with the law, keep state secrets and have the obligation to keep confidential the trade secrets of the financial institutions and parties under their supervision and administration.

Chapter III — Renminbi

Article 15 — The legal tender of the People's Republic of China is the Renminbi. The Renminbi shall be used to pay for all public and private debts within the territory of the People's Republic of China, and no entity or individual may 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 — The Renminbi shall be uniformly printed and issued by the People's Bank of China. The People's Bank of China shall publish the issuing time, denominations, designs, and patterns of the Renminbi.

Article 18 — The printing and issuing of counterfeit Renminbi shall be prohibited. It shall be prohibited to sell or purchase counterfeit Renminbi. It shall be prohibited to transport, possess, or use counterfeit Renminbi. It shall be prohibited to deliberately damage the Renminbi. It shall be prohibited to illegally use the images of the Renminbi in promotional materials, publications, or other commodities.

Article 19 — No entity or individual may print or sell tokens to be used in the market in lieu of the Renminbi.

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

Chapter IV — Operations

Article 22 — The People's Bank of China may apply the following monetary policy instruments in the implementation of monetary policy:

(1) Requiring banking financial institutions to deposit reserve funds with it in accordance with prescribed ratios;

(2) Determining the benchmark interest rates of the central bank;

- (3) Conducting rediscounts 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.

Article 23 — The People's Bank of China shall manage the state treasury in accordance with the provisions of laws and administrative regulations.

Article 24 — The People's Bank of China may, on behalf of the financial department under the State Council, issue and redeem government bonds and other government securities to financial institutions.

Article 25 — The People's Bank of China may, as required, open accounts for banking financial institutions, but shall not overdraw the accounts of banking financial institutions.

Article 26 — The People's Bank of China shall organize or assist in organizing clearing among banking financial institutions, coordinate matters concerning clearing, and provide clearing services.

Article 27 — The People's Bank of China may, as required, decide on the amount, term, interest rate, and form of loans to commercial banks, but the term of such loans shall not exceed one year.

Article 28 — The People's Bank of China shall not overdraw the government budget, and shall not directly subscribe for or underwrite government bonds or other government securities.

Article 29 — The People's Bank of China shall not provide loans to local governments, government authorities at various levels, non-bank financial institutions, other entities or individuals, unless otherwise decided by the State Council. The People's Bank of China shall not serve as a guarantor for any entity or individual.

Chapter V — Financial Supervision and Administration

Article 31 — The People's Bank of China shall, in accordance with the law, monitor the financial market, carry out macro-prudential management of the financial market, and promote its coordinated and sound development.

Article 32 — The People's Bank of China shall have the authority to conduct inspection, examination, and supervision of the following acts of financial institutions and other entities and individuals:

- (1) Acts relating to the implementation of the provisions on the deposit reserve fund;
- (2) Acts relating to special loans of the People's Bank of China;
- (3) Acts relating to the administration of Renminbi;
- (4) Acts relating to the administration of the interbank lending market;
- (5) Acts relating to the administration of the interbank bond market;
- (6) Acts relating to the implementation of foreign exchange administration;
- (7) Acts relating to the administration of the gold market;
- (8) Acts relating to the management of the state treasury as an agent;
- (9) Acts relating to the implementation of clearing administration; and
- (10) Acts relating to the implementation of anti-money laundering provisions.

Article 33 — Where the payment and settlement difficulties of a banking financial institution may trigger systemic financial risks and seriously affect the public interest, the People's Bank of China may, with the approval of the State Council, inspect and supervise the banking financial institution.

Article 34 — The People's Bank of China shall, in accordance with the needs of the performance of its functions, have the authority to require banking financial institutions to submit balance sheets, profit statements, other financial accounting statements, statistical reports, and information.

Chapter VI — Financial Accounting and Statements

Article 38 — The People's Bank of China shall implement an independent financial budget management system. The budget of the People's Bank of China shall be incorporated into the central budget upon examination by the financial authority under the State Council and approval by the State Council, and shall be implemented subject to the supervision of the financial authority under the State Council.

Article 39 — The People's Bank of China shall, after deducting the funds needed for its operations and drawing the general reserve fund in accordance with the prescribed proportion, turn over all of its profits to the central budget in accordance with the prescribed proportion.

The losses of the People's Bank of China shall be offset by the central finance.

Article 40 — The financial revenue and expenditure and accounting practices of the People's Bank of China shall comply with the uniform financial and accounting systems of the state and shall be subject to the auditing and supervisory authority under the State Council and the financial authority in accordance with the law.

Article 41 — The People's Bank of China shall, within three months after the end of each fiscal year, complete its annual statement, prepare its financial accounting report, and shall publish its monetary policy implementation report for the preceding year.

Chapter VII — Legal Liability

Article 42 — Where a person counterfeits Renminbi, or sells or purchases counterfeit or altered Renminbi, and the case constitutes a crime, criminal liability shall be investigated in accordance with the law. Where the case does not constitute a crime, the public security authority shall impose detention of not more than 15 days and a fine of not more than 10,000 yuan.

Article 43 — Where a person purchases counterfeit or altered Renminbi or, after knowing that it is counterfeit or altered Renminbi, holds or uses such Renminbi, and the case constitutes a crime, criminal liability shall be investigated in accordance with the law. Where the case does not constitute a crime, the public security authority shall impose detention of not more than 15 days and a fine of not more than 10,000 yuan.

Article 44 — Where a person illegally uses the images of the Renminbi in promotional materials, publications, or other commodities, the People's Bank of China shall order the person to make corrections, destroy the Renminbi images illegally used, confiscate the illegal gains, and impose a fine of not more than 50,000 yuan.

Article 45 — Where a person prints or sells tokens to be used in the market in lieu of the Renminbi, the People's Bank of China shall order the person to stop the illegal act and impose a fine of not more than 200,000 yuan.

Article 46 — Where a party refuses to accept an administrative penalty, it may bring an administrative lawsuit in accordance with the Administrative Litigation Law of the People's Republic of China.

Article 48 — Where the People's Bank of China commits any of the following acts, the directly responsible person in charge and other directly responsible persons shall be subject to administrative sanctions in

accordance with the law. Where a crime is constituted, criminal liability shall be investigated in accordance with the law:

- (1) Providing loans in violation of the provisions of Article 29, paragraph 1 of this Law;
- (2) Serving as a guarantor for an entity or individual;
- (3) Illegally using the currency issued; or
- (4) Other acts in violation of the provisions of relevant laws and administrative regulations.

Where losses are caused due to an act listed in the preceding paragraph, the directly responsible person in charge and other directly responsible persons shall bear part or all of the liability for compensation.

Article 49 — Where a local government, government authority at any level, public organization, or individual forces the People's Bank of China and its staff members to provide loans or guarantees in violation of the provisions of Article 29 of this Law, the directly responsible person in charge and other directly responsible persons shall be subject to administrative sanctions in accordance with the law. Where a crime is constituted, criminal liability shall be investigated in accordance with the law. Where losses are caused, the person shall bear part or all of the liability for compensation.

Article 50 — Where a staff member of the People's Bank of China divulges state secrets or trade secrets known to him or her, and the case constitutes a crime, criminal liability shall be investigated in accordance with the law. Where the case does not constitute a crime, administrative sanctions shall be imposed in accordance with the law.

Article 51 — Where a staff member of the People's Bank of China accepts bribes, engages in malpractice for personal gain, abuses his or her powers, or neglects his or her duties, and the case constitutes a crime, criminal liability shall be investigated in accordance with the law. Where the case does not constitute a crime, administrative sanctions shall be imposed in accordance with the law.

Chapter VIII — Supplementary Provisions

Article 52 — For the purposes of this Law, "banking financial institutions" means commercial banks, urban credit cooperatives, rural credit cooperatives, and other financial institutions established within the territory of the People's Republic of China that accept deposits from the public, as well as policy banks.

Article 53 — This Law shall come into force on the date of its promulgation.

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