People’s Bank of China Law of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of establishing the status of the People's Bank of China, defining its duties and functions, ensuring the correct formulation and implementation of the State's monetary policies, establishing and improving the central bank's macro-control system, and maintaining financial stability.

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 policies, prevent and mitigate 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 orders and rules relating to the performance of its functions;

(2) formulating and implementing monetary policies in accordance with law;

(3) issuing the Renminbi and administering its circulation;

(4) supervising and administering the interbank lending market and the interbank bond market;

(5) implementing foreign exchange administration and supervising and administering the interbank foreign exchange market;

(6) supervising and administering the gold market;

(7) holding, managing and operating the State's foreign exchange reserves and gold reserves;

(8) managing the State treasury;

(9) maintaining the normal operation of the payment and clearing systems;

(10) guiding and arranging the anti-money-laundering work of the financial sector and being responsible for the monitoring of funds for anti-money-laundering purposes;

(11) being responsible for the statistics, investigation, analysis and forecasting of the financial sector;

(12) as the central bank of the State, engaging in relevant international financial activities; and

(13) other functions and duties prescribed by the State Council.

In order to implement monetary policies, the People's Bank of China may engage in financial business activities in accordance with the relevant provisions of Chapter IV of this Law.

Article 5 — Decisions made by the People's Bank of China on the annual money supply, interest rates, exchange rates and other important matters prescribed by the State Council shall be implemented after being submitted to and approved by the State Council.

Decisions made by the People's Bank of China on monetary policy matters other than those specified in the preceding paragraph shall be implemented immediately and reported to the State Council for the record.

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

Article 7 — The People's Bank of China shall, under the leadership of the State Council, independently implement monetary policies, perform its functions and duties, and carry out its business operations in accordance with law, free from interference by local governments, government departments at all levels, social organizations and individuals.

Article 8 — All of the capital of the People's Bank of China is contributed by the State and owned by the State.

Article 9 — The State Council shall establish a financial supervision and administration coordination mechanism, the specific measures for which shall be prescribed by the State Council.

Chapter II — Organizational Structure

Article 10 — The People's Bank of China shall have a Governor and several Deputy Governors.

The candidate for Governor of the People's Bank of China shall be nominated by the Premier of the State Council and decided upon by the National People's Congress; when the National People's Congress is not in session, the candidate shall be decided upon by the Standing Committee of the National People's Congress, and the Governor shall be appointed or removed by the President of the People's Republic of China. The Deputy Governors of the People's Bank of China shall be appointed or removed by the Premier of the State Council.

Article 11 — The People's Bank of China shall implement a system under which the Governor assumes overall responsibility. 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 12 — 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 the record.

The monetary policy committee of the People's Bank of China shall play an important role in the State's macro-control and in the formulation and adjustment of monetary policy.

Article 13 — The People's Bank of China shall, in light of the needs for performing its functions and duties, establish branch offices as its dispatched agencies. The People's Bank of China shall exercise unified leadership and administration over its branch offices.

The branch offices of the People's Bank of China shall, pursuant to the authorization of the People's Bank of China, maintain financial stability in their respective jurisdictions and handle relevant business.

Article 14 — The Governor, Deputy Governors and other staff members of the People's Bank of China shall perform their duties diligently, and shall not abuse their powers or engage in malpractices for private gain, nor hold concurrent positions in any financial institution, enterprise or foundation.

Article 15 — The Governor, Deputy Governors and other staff members of the People's Bank of China shall keep State secrets in accordance with law and shall have the duty to keep confidential the secrets of financial institutions and of the parties concerned that relate to the performance of their functions and duties.

Chapter III — Renminbi

Article 16 — The legal tender of the People's Republic of China is the Renminbi. All public and private debts within the territory of the People's Republic of China shall be paid in Renminbi, and no entity or individual may refuse to accept it.

Article 17 — The unit of the Renminbi is the yuan, and the subsidiary currency units of the Renminbi are the jiao and the fen.

Article 18 — The Renminbi shall be uniformly printed and issued by the People's Bank of China.

When issuing a new version of the Renminbi, the People's Bank of China shall announce the time of issue, the denominations, designs, patterns and specifications thereof.

Article 19 — It is prohibited to counterfeit or alter the Renminbi. It is prohibited to sell or purchase counterfeit or altered Renminbi. It is prohibited to transport, hold or use counterfeit or altered Renminbi. It is prohibited to intentionally damage the Renminbi. It is prohibited to unlawfully use the design of the Renminbi in publicity materials, publications or other goods.

Article 20 — No entity or individual may print or sell token certificates to replace the Renminbi for circulation in the market.

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Article 21 — Defaced or damaged 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 recalling and destroying it.

Article 22 — The People's Bank of China shall establish Renminbi issuance repositories and establish sub-repositories at its branch offices. The allocation and transfer of Renminbi issuance funds by the sub-repositories shall be handled in accordance with the allocation orders of the higher-level repository. No entity or individual may, in violation of regulations, use issuance funds.

Chapter IV — Business Operations

Article 23 — In order to implement monetary policies, the People's Bank of China may employ the following monetary policy instruments:

(1) requiring banking financial institutions to deposit reserve funds against deposits at prescribed ratios;

(2) determining the central bank base interest rate;

(3) handling 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 treasury bonds, other government bonds and financial bonds, as well as foreign exchange, on the open market; and

(6) other monetary policy instruments determined by the State Council.

When employing the monetary policy instruments listed in the preceding paragraph to implement monetary policies, the People's Bank of China may prescribe the specific conditions and procedures.

Article 24 — The People's Bank of China shall manage the State treasury in accordance with the provisions of laws and administrative regulations.

Article 25 — The People's Bank of China may, on behalf of the fiscal department of the State Council, organize the issuance and redemption of treasury bonds and other government bonds to various financial institutions.

Article 26 — The People's Bank of China may, as needed, open accounts for banking financial institutions, but shall not allow overdrafts on the accounts of banking financial institutions.

Article 27 — The People's Bank of China shall organize or assist in organizing the clearing systems among banking financial institutions, coordinate the clearing matters among banking financial institutions, and provide clearing services. The specific measures shall be formulated by the People's Bank of China.

The People's Bank of China shall, together with the banking regulatory authority of the State Council, formulate the rules for payment and settlement.

Article 28 — In light of the needs for implementing monetary policies, the People's Bank of China may determine the amount, term, interest rate and method of loans to commercial banks, but the term of such loans shall not exceed one year.

Article 29 — The People's Bank of China shall not grant overdrafts to government finance, and shall not directly subscribe to or underwrite treasury bonds and other government bonds.

Article 30 — The People's Bank of China shall not provide loans to local governments, government departments at all levels, non-bank financial institutions, or other entities or individuals, except where the State Council decides that the People's Bank of China may provide loans to specific non-bank financial institutions.

The People's Bank of China shall not provide guarantees for any entity or individual.

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Chapter V — Financial Supervision and Administration

Article 31 — The People's Bank of China shall, in accordance with law, monitor the operation of the financial market, exercise macro-control over the financial market, and promote its coordinated development.

Article 32 — The People's Bank of China shall have the power to inspect and supervise the following acts of financial institutions and other entities and individuals:

(1) acts relating to the implementation of the provisions on the administration of reserve funds against deposits;

(2) acts relating to special loans of the People's Bank of China;

(3) acts relating to the implementation of the provisions on the administration of the Renminbi;

(4) acts relating to the implementation of the provisions on the administration of the interbank lending market and the interbank bond market;

(5) acts relating to the implementation of the provisions on foreign exchange administration;

(6) acts relating to the implementation of the provisions on the administration of gold;

(7) acts relating to managing the State treasury on behalf of the People's Bank of China;

(8) acts relating to the implementation of the provisions on the administration of clearing; and

(9) acts relating to the implementation of the provisions on anti-money laundering.

The "special loans of the People's Bank of China" mentioned in the preceding paragraph means the loans issued by the People's Bank of China to financial institutions for specific purposes as decided by the State Council.

Article 33 — In light of the needs for implementing monetary policies and maintaining financial stability, the People's Bank of China may recommend that the banking regulatory authority of the State Council inspect and supervise banking financial institutions. The banking regulatory authority of the State Council shall reply within 30 days from the date of receipt of the recommendation.

Article 34 — When a banking financial institution encounters payment difficulties that may trigger financial risks, the People's Bank of China shall, with the approval of the State Council, have the power to inspect and supervise the banking financial institution for the purpose of maintaining financial stability.

Article 35 — In light of the needs for performing its functions and duties, the People's Bank of China shall have the power to require banking financial institutions to submit the necessary balance sheets, income statements and other financial, accounting, statistical statements and materials.

The People's Bank of China shall establish a supervisory information sharing mechanism with the banking regulatory authority of the State Council and other financial regulatory authorities of the State Council.

Article 36 — The People's Bank of China shall be responsible for uniformly compiling national financial statistics and statements and shall publish them in accordance with the relevant provisions of the State.

Article 37 — The People's Bank of China shall establish and improve the auditing and inspection systems within its own system and strengthen internal supervision and administration.

Chapter VI — Financial Affairs and Accounting

Article 38 — The People's Bank of China shall implement an independent financial budget management system.

After being reviewed by the fiscal department of the State Council, the budget of the People's Bank of China shall be incorporated into the central budget and shall be subject to the budget implementation supervision

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of the fiscal department of the State Council.

Article 39 — The net profit of the People's Bank of China, obtained by deducting its annual expenditure from its income in each accounting year and drawing general reserve funds at the ratio verified by the fiscal department of the State Council, shall be turned over in full to the central finance.

The losses of the People's Bank of China shall be made up by appropriations from the central finance.

Article 40 — The financial revenue and expenditure and accounting affairs of the People's Bank of China shall comply with laws, administrative regulations and the unified financial and accounting systems of the State, and shall be subject to audit and supervision conducted respectively by the auditing authority and the fiscal department of the State Council in accordance with law.

Article 41 — The People's Bank of China shall, within three months after the end of each accounting year, prepare a balance sheet, an income statement and the relevant financial and accounting statements, prepare an annual report, and publish them in accordance with the relevant provisions of the State.

The accounting year of the People's Bank of China shall commence on January 1 and end on December 31 of the Gregorian calendar.

Chapter VII — Legal Liability

Article 42 — Whoever counterfeits or alters the Renminbi, sells counterfeit or altered Renminbi, or transports Renminbi knowing it to be counterfeit or altered, shall be investigated for criminal liability in accordance with law if the act constitutes a crime; if the act does not constitute a crime, the public security organ shall impose detention of not more than 15 days and a fine of not more than 10,000 yuan.

Article 43 — Whoever purchases counterfeit or altered Renminbi, or holds or uses Renminbi knowing it to be counterfeit or altered, shall be investigated for criminal liability in accordance with law if the act constitutes a crime; if the act does not constitute a crime, the public security organ shall impose detention of not more than 15 days and a fine of not more than 10,000 yuan.

Article 44 — Whoever unlawfully uses the design of the Renminbi in publicity materials, publications or other goods shall be ordered by the People's Bank of China to make corrections, and the unlawfully used designs of the Renminbi shall be destroyed; the illegal gains shall be confiscated, and a fine of not more than 50,000 yuan shall be imposed.

Article 45 — Whoever prints or sells token certificates to replace the Renminbi for circulation in the market shall be ordered by the People's Bank of China to stop the illegal act and shall be fined not more than 200,000 yuan.

Article 46 — Where any of the acts listed in Article 32 of this Law violates the relevant provisions, if the relevant laws or administrative regulations provide for penalties, penalties shall be imposed in accordance with such provisions; if the relevant laws or administrative regulations do not provide for penalties, the People's Bank of China shall, depending on the circumstances, issue a warning, confiscate the illegal gains, and, if the illegal gains exceed 500,000 yuan, impose a fine of not less than one time and not more than five times the illegal gains; if there are no illegal gains or the illegal gains are less than 500,000 yuan, impose a fine of not less than 500,000 yuan and not more than 2,000,000 yuan; and issue a warning to, and impose a fine of not less than 50,000 yuan and not more than 500,000 yuan on, the directors, senior management personnel and other directly responsible persons. If the act constitutes a crime, criminal liability shall be investigated in accordance with law.

Article 47 — Where a party is dissatisfied with an administrative penalty, the party may institute an administrative lawsuit in accordance with the provisions of 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 persons in charge who bear direct responsibility and other directly responsible persons shall be given administrative sanctions in accordance with law; if the act constitutes a crime, criminal liability shall be investigated in accordance with law:

(1) providing loans in violation of the provisions of paragraph 1 of Article 30 of this Law;

(2) providing guarantees for entities or individuals; or

(3) using issuance funds without authorization.

Where any of the acts listed in the preceding paragraph causes losses, the persons in charge who bear direct responsibility and other directly responsible persons shall bear part or all of the liability for compensation.

Article 49 — Where local governments, government departments at all levels, social organizations and individuals compel the People's Bank of China or its staff members to provide loans or guarantees in violation of Article 30 of this Law, the persons in charge who bear direct responsibility and other directly responsible persons shall be given administrative sanctions in accordance with law; if the act constitutes a crime, criminal liability shall be investigated in accordance with law; where losses are caused, they shall bear part or all of the liability for compensation.

Article 50 — Where staff members of the People's Bank of China divulge State secrets or commercial secrets they have come to know, if the act constitutes a crime, criminal liability shall be investigated in accordance with law; if the act does not constitute a crime, administrative sanctions shall be imposed in accordance with law.

Article 51 — Where staff members of the People's Bank of China commit embezzlement, accept bribes, engage in malpractices for private gain, abuse their powers or neglect their duties, if the act constitutes a crime, criminal liability shall be investigated in accordance with law; if the act does not constitute a crime, administrative sanctions shall be imposed in accordance with law.

Chapter VIII — Supplementary Provisions

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

The provisions of this Law concerning banking financial institutions shall apply to financial asset management companies, trust and investment companies, finance companies, financial leasing companies and other financial institutions established within the territory of the People's Republic of China and approved by the banking regulatory authority of the State Council.

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

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