Measures for the Punishment of Illegal Financial Acts of China (the PRC)

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

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Effective: February 22, 1999.

Article 1 — These Measures are formulated for the purpose of punishing illegal financial acts, maintaining financial order, and preventing financial risks.

Article 2 — Where a financial institution violates the relevant provisions of the state on financial administration, if the relevant laws or administrative regulations provide for penalties, penalties shall be imposed in accordance with those provisions; if the relevant laws or administrative regulations do not provide for penalties, or if the penalty provisions of the relevant administrative regulations are inconsistent with these Measures, penalties shall be imposed in accordance with these Measures.

"Financial institutions" as used in these Measures means institutions established and operating financial business within the territory of the People's Republic of China in accordance with the law, including banks, credit cooperatives, finance companies, trust and investment companies, financial leasing companies, and the like.

Article 3 — The administrative penalties provided for in these Measures shall be decided by the People's Bank of China; provided, however, that the administrative penalties provided for in Articles 24 and 25 of these Measures shall be decided by the state foreign exchange administration authorities.

The disciplinary sanctions provided for in these Measures, including warnings, recording of demerits, recording of major demerits, demotion, removal from office, retention on probation, and dismissal, shall be decided by the financial institution concerned or a higher-level financial institution.

Where a staff member of a financial institution receives the disciplinary sanction of dismissal in accordance with these Measures, he or she shall be barred for life from working in financial institutions; the People's Bank of China shall notify all financial institutions not to employ him or her, and shall publish a public announcement in national newspapers. Where a senior manager of a financial institution receives the disciplinary sanction of removal from office in accordance with these Measures, the People's Bank of China shall decide that he or she may not, within a certain period or for life, hold a senior management position or a position equivalent to his or her former position in any financial institution, shall notify all financial institutions not to employ him or her, and shall publish a public announcement in national newspapers.

"Senior managers" as used in these Measures means the legal representatives and other principal responsible persons of financial institutions, including the chairmen, vice-chairmen, presidents, vice-presidents, directors, and deputy directors of banks and their branches; the chairmen, vice-chairmen, directors, and deputy directors of credit cooperatives; and the chairmen, vice-chairmen, general managers, and deputy general managers of finance companies, trust and investment companies, financial leasing companies, and other financial institutions.

Article 4 — Where a staff member of a financial institution is found, after leaving that financial institution, to have violated the relevant provisions of the state on financial administration during his or her period of work at that financial institution, he or she shall still be held accountable in accordance with the law.

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Article 5 — A financial institution that establishes, merges, or revokes a branch or representative office shall obtain the approval of the People's Bank of China.

A financial institution that, without the approval of the People's Bank of China, establishes, merges, or revokes a branch or representative office on its own shall be given a warning and fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal.

Article 6 — A financial institution shall obtain the approval of the People's Bank of China in any of the following circumstances:

(1) changing its name;

(2) changing its registered capital;

(3) changing its place of business;

(4) replacing its senior managers; or

(5) other changes or replacements specified by the People's Bank of China.

A financial institution that, without the approval of the People's Bank of China, is in any of the circumstances listed in the preceding paragraph shall be given a warning and fined not less than RMB 10,000 and not more than RMB 100,000; where it is in the circumstance listed in item (4) of the preceding paragraph, the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal.

Article 7 — A financial institution that changes its shareholders, transfers equity, or adjusts its equity structure shall obtain the approval of the People's Bank of China; where a change of state-owned equity is involved, it shall also obtain the approval of the finance authorities in accordance with the relevant provisions.

A financial institution that, without lawful approval, changes its shareholders, transfers equity, or adjusts its equity structure on its own shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal.

Article 8 — A financial institution shall not make false capital contributions or withdraw capital.

A financial institution that makes false capital contributions or withdraws capital shall be ordered to suspend business for rectification and be fined not less than 5% and not more than 10% of the amount of the false or withdrawn capital contribution; the senior manager directly responsible for the financial institution shall be given the disciplinary sanction of dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from recording of demerits to dismissal; where the circumstances are serious, the financial institution's license to conduct financial business shall be revoked; where the act constitutes the crime of false capital contribution, the crime of capital withdrawal, or any other crime, criminal liability shall be pursued in accordance with the law.

Article 9 — A financial institution shall not engage in financial business activities beyond the business scope approved by the People's Bank of China.

A financial institution that engages in financial business activities beyond the business scope approved by the People's Bank of China shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to

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dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from recording of demerits to dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked; where the act constitutes the crime of illegal business operation or any other crime, criminal liability shall be pursued in accordance with the law.

Article 10 — A representative office of a financial institution shall not conduct financial business.

Where a representative office of a financial institution conducts financial business, the financial institution shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from demotion to dismissal; where the circumstances are serious, the representative office shall be revoked.

Article 11 — A financial institution shall not engage in off-book operations by any of the following means:

(1) failing to book or register deposit, loan, and other business in accordance with the accounting system, or failing to reflect such business in the accounting statements;

(2) netting different businesses such as deposits and loans in the same account;

(3) failing to include operating income in the accounting books; or

(4) other means of off-book operations.

A financial institution that violates the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given the disciplinary sanction of dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked; where the act constitutes the crime of illegally lending or extending loans with off-book client funds or any other crime, criminal liability shall be pursued in accordance with the law.

Article 12 — A financial institution shall not provide false financial and accounting reports or statistical reports, or reports concealing material facts.

A financial institution that provides false financial and accounting reports or statistical reports, or reports concealing material facts, shall be given a warning and fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from recording of major demerits to dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked; where the act constitutes the crime of providing false financial and accounting reports or any other crime, criminal liability shall be pursued in accordance with the law.

Article 13 — A financial institution shall not issue letters of credit, guarantees, negotiable instruments, certificates of deposit, credit certificates, and other financial instruments that are inconsistent with the facts.

A financial institution that fraudulently issues letters of credit, guarantees, negotiable instruments, certificates of deposit, credit certificates, and other financial instruments inconsistent with the facts shall be given a

warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given the disciplinary sanction of dismissal; where the act constitutes the crime of illegally issuing financial instruments or any other crime, criminal liability shall be pursued in accordance with the law.

Article 14 — A financial institution shall not accept, discount, pay, or guarantee negotiable instruments that violate the provisions of the Negotiable Instruments Law.

A financial institution that accepts, discounts, pays, or guarantees negotiable instruments that violate the provisions of the Negotiable Instruments Law shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of major demerits to dismissal; where fund losses are caused, the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal; where the act constitutes the crime of accepting, paying, or guaranteeing negotiable instruments in violation of regulations or any other crime, criminal liability shall be pursued in accordance with the law.

Article 15 — When handling deposit business, a financial institution shall not commit any of the following acts:

(1) raising interest rates or covertly raising interest rates on its own to attract deposits;

(2) knowingly or with reason to know that funds are unit funds, allowing the opening of accounts for deposit in the name of an individual;

(3) introducing new types of deposit business on its own;

(4) accepting deposits that do not conform to the customer scope, term, and minimum amount specified by the People’s Bank of China;

(5) opening multiple accounts for a customer in violation of regulations; or

(6) other deposit acts in violation of the provisions of the People’s Bank of China.

A financial institution that commits any of the acts listed in the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from demotion to dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked.

Article 16 — When handling loan business, a financial institution shall not commit any of the following acts:

(1) extending credit loans to related parties;

(2) extending secured loans to related parties on terms more favorable than those of similar loans to other borrowers;

(3) raising or lowering interest rates in violation of regulations, or extending loans by other improper means; or

(4) other loan acts in violation of the provisions of the People’s Bank of China.

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A financial institution that commits any of the acts listed in the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from removal from office to dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked; where the act constitutes the crime of extending loans to related parties in violation of regulations, the crime of extending loans in violation of regulations, or any other crime, criminal liability shall be pursued in accordance with the law.

Article 17 — When engaging in interbank lending, a financial institution shall not commit any of the following acts:

(1) lending funds in excess of the maximum limit;

(2) lending funds in excess of the maximum term;

(3) engaging in interbank lending business without the qualification for such business;

(4) engaging in interbank lending business outside the national unified interbank lending network; or

(5) other interbank lending acts in violation of the provisions of the People's Bank of China.

A financial institution that commits any of the acts listed in the preceding paragraph shall have the relevant business suspended or discontinued, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of major demerits to dismissal.

Article 18 — A financial institution shall not engage in transactions in securities, futures, or other derivative financial instruments in violation of state provisions, shall not provide credit funds or guarantees for transactions in securities, futures, or other derivative financial instruments, and shall not engage in investment activities such as those in non-self-use real estate, equity, and industrial enterprises in violation of state provisions.

A financial institution that violates the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution shall be given the disciplinary sanction of dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from removal from office to dismissal; where the circumstances are serious, the financial institution shall be ordered to suspend business for rectification or its license to conduct financial business shall be revoked; where the act constitutes the crime of illegal business operation, the crime of extending loans in violation of regulations, or any other crime, criminal liability shall be pursued in accordance with the law.

Article 19 — A financial institution shall comply with the provisions of the People's Bank of China on cash management and shall not allow units or individuals to withdraw cash in excess of the limit.

A financial institution that violates the provisions of the People's Bank of China on cash management and allows units or individuals to withdraw cash in excess of the limit shall be given a warning and fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of major demerits to dismissal.

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Article 20 — A financial institution shall comply with the provisions of the People's Bank of China on credit card management and shall not, in violation of regulations, allow cardholders to overdraw or assist cardholders in cashing out through credit cards.

A financial institution that violates the provisions of the People's Bank of China on credit card management, allows cardholders to overdraw, or assists cardholders in cashing out through credit cards shall be given a warning and fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of major demerits to dismissal.

Article 21 — A financial institution shall comply with the provisions of the People's Bank of China on asset-liability ratio management.

A financial institution that violates the provisions of the People's Bank of China on asset-liability ratio management shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from recording of major demerits to dismissal.

Article 22 — A financial institution shall not occupy or withhold fiscal deposits or funds.

A financial institution that occupies or withholds fiscal deposits or funds shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than three times its illegal income, or, where there is no illegal income, be fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from demotion to dismissal.

Article 23 — A financial institution shall, in accordance with the law, assist tax authorities and customs authorities in freezing and deducting the deposits of taxpayers.

A financial institution that violates the preceding paragraph and causes loss of tax revenue shall be given a warning and fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from removal from office to dismissal; where the act constitutes a violation of public security administration, public security administration penalties shall be imposed in accordance with the law; where the act constitutes the crime of obstructing official duties or any other crime, criminal liability shall be pursued in accordance with the law.

Article 24 — A financial institution conducting foreign exchange business shall comply with the provisions of the state on foreign exchange administration.

A financial institution conducting foreign exchange business that violates the provisions of the state on foreign exchange administration shall be given administrative penalties in accordance with the provisions of the Regulations on Foreign Exchange Administration; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of demerits to dismissal; where the circumstances are serious, the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal; where the act constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 25 — A financial institution conducting foreign exchange business shall not commit any of the following acts:

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(1) failing to report in a timely manner abnormal circumstances such as large-value foreign exchange purchases, frequent foreign exchange purchases, and deposits and withdrawals of large amounts of foreign currency cash; or

(2) failing to handle balance-of-payments reporting in accordance with the relevant provisions.

A financial institution conducting foreign exchange business that commits any of the acts listed in the preceding paragraph shall be given a warning and fined not less than RMB 50,000 and not more than RMB 300,000; the senior manager directly responsible for the financial institution, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of demerits to dismissal; where the circumstances are serious, the senior manager directly responsible for the financial institution shall be given a disciplinary sanction ranging from removal from office to dismissal; where the act constitutes the crime of dereliction of duty in signing or performing a contract and being defrauded or any other crime, criminal liability shall be pursued in accordance with the law.

Article 26 — A commercial bank shall not overdraw funds for the settlement of securities or futures transactions or for the subscription of new shares.

A commercial bank that overdraws funds for the settlement of securities or futures transactions or for the subscription of new shares shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the commercial bank shall be given the disciplinary sanction of dismissal, and the other directly responsible persons in charge and directly responsible personnel shall be given disciplinary sanctions ranging from removal from office to dismissal.

Article 27 — A finance company shall not commit any of the following acts:

(1) issuing finance company bonds in excess of the scale approved by the People’s Bank of China;

(2) absorbing deposits from, or extending loans to, non-member units of the group;

(3) providing financial services to non-member units of the group in violation of regulations; or

(4) other acts in violation of the provisions of the People’s Bank of China.

A finance company that commits any of the acts listed in the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the finance company, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions ranging from recording of demerits to dismissal; where the circumstances are serious, the finance company shall be ordered to suspend business for rectification, and the senior manager directly responsible shall be given a disciplinary sanction ranging from removal from office to dismissal; where the act constitutes the crime of illegally absorbing public deposits, the crime of issuing shares or corporate or enterprise bonds without authorization, or any other crime, criminal liability shall be pursued in accordance with the law.

Article 28 — A trust and investment company shall not absorb public deposits or extend loans in the name of handling entrusted or trust business, and shall not handle entrusted or trust business in violation of state provisions.

A trust and investment company that violates the preceding paragraph shall be given a warning, have its illegal income confiscated, and be fined not less than one time and not more than five times its illegal income, or, where there is no illegal income, be fined not less than RMB 100,000 and not more than RMB 500,000; the senior manager directly responsible for the trust and investment company, the other directly responsible persons in charge, and the directly responsible personnel shall be given disciplinary sanctions

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ranging from recording of major demerits to dismissal; where the circumstances are serious, the relevant business shall be suspended or discontinued, and the senior manager directly responsible shall be given a disciplinary sanction ranging from removal from office to dismissal; where the act constitutes the crime of illegally absorbing public deposits, the crime of fund-raising fraud, or any other crime, criminal liability shall be pursued in accordance with the law.

Article 29 — Fines paid and illegal income confiscated by a financial institution shall not be included in the costs or expenses of the financial institution.

Article 30 — The penalties for illegal financial acts committed by institutions under the People's Bank of China that conduct financial business shall be governed by these Measures.

Article 31 — Penalties for illegal securities acts shall be imposed in accordance with the laws and administrative regulations of the state on securities administration, and these Measures shall not apply. Penalties for illegal insurance acts shall be imposed in accordance with the laws and administrative regulations of the state on insurance administration, and these Measures shall not apply.

Article 32 — These Measures shall come into force on the date of promulgation.

Annex: Relevant Provisions of the Criminal Law

Article 159 — Where a company promoter or shareholder, in violation of the provisions of the Company Law, fails to deliver currency or tangible property or fails to transfer property rights, makes a false capital contribution, or withdraws the capital contribution after the company is established, and the amount involved is huge, the consequences are serious, or there are other serious circumstances, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also, or shall only, be fined not less than 2% and not more than 10% of the amount of the false capital contribution or withdrawn capital contribution.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention.

Article 161 — Where a company provides false financial and accounting reports or reports concealing material facts to its shareholders and the general public, thereby seriously harming the interests of shareholders or others, the persons directly in charge and the other directly responsible persons shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention, and shall also, or shall only, be fined not less than RMB 20,000 and not more than RMB 200,000.

Article 167 — Where a person directly in charge of a state-owned company, enterprise, or institution is defrauded as a result of serious irresponsibility in the course of signing or performing a contract, thereby causing major losses to state interests, he or she shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention; where especially major losses are caused to state interests, he or she shall be sentenced to fixed-term imprisonment of not less than three years and not more than seven years.

Article 176 — Whoever illegally absorbs public deposits or covertly absorbs public deposits, thereby disturbing the financial order, shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention, and shall also, or shall only, be fined not less than RMB 20,000 and not more than RMB 200,000; where the amount involved is huge or there are other serious circumstances, he or she shall be sentenced to fixed-term imprisonment of not less than three years and not more than ten years, and shall also be fined not less than RMB 50,000 and not more than RMB 500,000.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be punished in accordance with the provisions of the preceding paragraph.

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Article 179 — Whoever, without the approval of the competent state authorities, issues shares or corporate or enterprise bonds on his or her own, and the amount involved is huge, the consequences are serious, or there are other serious circumstances, shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also, or shall only, be fined not less than 1% and not more than 5% of the amount of funds illegally raised.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention.

Article 186 — Where a staff member of a bank or other financial institution, in violation of laws or administrative regulations, extends credit loans to related parties or extends secured loans to related parties on terms more favorable than those of similar loans to other borrowers, thereby causing relatively large losses, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also be fined not less than RMB 10,000 and not more than RMB 100,000; where major losses are caused, he or she shall be sentenced to fixed-term imprisonment of not less than five years, and shall also be fined not less than RMB 20,000 and not more than RMB 200,000.

Where a staff member of a bank or other financial institution, in violation of laws or administrative regulations, extends loans to persons other than related parties, thereby causing major losses, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also be fined not less than RMB 10,000 and not more than RMB 100,000; where especially major losses are caused, he or she shall be sentenced to fixed-term imprisonment of not less than five years, and shall also be fined not less than RMB 20,000 and not more than RMB 200,000.

Where a unit commits either of the crimes described in the preceding two paragraphs, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be punished in accordance with the provisions of the preceding two paragraphs.

The scope of related parties shall be determined in accordance with the Law of the People’s Republic of China on Commercial Banks and the relevant financial regulations.

Article 187 — Where a staff member of a bank or other financial institution, for the purpose of seeking profit, fails to book funds absorbed from clients and uses the funds for illegal interbank lending or for extending loans, thereby causing major losses, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also be fined not less than RMB 20,000 and not more than RMB 200,000; where especially major losses are caused, he or she shall be sentenced to fixed-term imprisonment of not less than five years, and shall also be fined not less than RMB 50,000 and not more than RMB 500,000.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be punished in accordance with the provisions of the preceding paragraph.

Article 188 — Where a staff member of a bank or other financial institution, in violation of regulations, issues letters of credit or other guarantees, negotiable instruments, certificates of deposit, or credit certificates for others, thereby causing relatively large losses, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention; where major losses are caused, he or she shall be sentenced to fixed-term imprisonment of not less than five years.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be punished in accordance with the provisions of the preceding paragraph.

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Article 189 — Where a staff member of a bank or other financial institution, in the course of negotiable instrument business, accepts, pays, or guarantees negotiable instruments that violate the provisions of the Negotiable Instruments Law, thereby causing major losses, he or she shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention; where especially major losses are caused, he or she shall be sentenced to fixed-term imprisonment of not less than five years.

Where a unit commits the crime described in the preceding paragraph, the unit shall be fined, and the persons directly in charge and the other directly responsible persons shall be punished in accordance with the provisions of the preceding paragraph.

Article 192 — Whoever, for the purpose of illegal possession, illegally raises funds by fraudulent means, and the amount involved is relatively large, shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also be fined not less than RMB 20,000 and not more than RMB 200,000; where the amount involved is huge or there are other serious circumstances, he or she shall be sentenced to fixed-term imprisonment of not less than five years and not more than ten years, and shall also be fined not less than RMB 50,000 and not more than RMB 500,000; where the amount involved is especially huge or there are other especially serious circumstances, he or she shall be sentenced to fixed-term imprisonment of not less than ten years or life imprisonment, and shall also be fined not less than RMB 50,000 and not more than RMB 500,000 or have his or her property confiscated.

Article 225 — Whoever, in violation of state provisions, commits any of the following illegal business operations, thereby disturbing the market order, and the circumstances are serious, shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention, and shall also, or shall only, be fined not less than one time and not more than five times his or her illegal income; where the circumstances are especially serious, he or she shall be sentenced to fixed-term imprisonment of not less than five years, and shall also be fined not less than one time and not more than five times his or her illegal income or have his or her property confiscated:

(1) operating, without a license, goods that are subject to exclusive or special sale under laws or administrative regulations, or other goods whose purchase and sale are restricted;

(2) buying or selling import and export licenses, import and export certificates of origin, or other business licenses or approval documents provided for by laws or administrative regulations; or

(3) other illegal business operations that seriously disturb the market order.

Article 277 — Whoever obstructs state organ personnel from performing their duties in accordance with the law by means of violence or threats shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention, public surveillance, or a fine.

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