Measures for the Administration of Anti-Money Laundering and Counter-Terrorist Financing of Banking Financial Institutions (CBIRC Order No. 1, 2019)

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Chapter I — General Provisions

Article 1 — For the purposes of preventing money laundering and terrorist financing activities and performing well the anti-money laundering and counter-terrorist financing work of banking financial institutions, these Measures are formulated in accordance with the Banking Supervision and Administration Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Counter-Terrorism Law of the People's Republic of China and other relevant laws and administrative regulations.

Article 2 — The banking regulatory authority of the State Council shall, in accordance with laws and administrative regulations, cooperate with the anti-money laundering administrative department of the State Council in performing the duties of supervision and administration of anti-money laundering and counter-terrorist financing of banking financial institutions.

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The dispatched offices of the banking regulatory authority of the State Council shall, in accordance with laws, administrative regulations and these Measures, be responsible for the supervision and administration of anti-money laundering and counter-terrorist financing of banking financial institutions within their respective jurisdictions.

Article 3 — For the purposes of these Measures, "banking financial institutions" means financial institutions established within the territory of the People's Republic of China that take public deposits, such as commercial banks, rural cooperative banks and rural credit cooperatives, as well as policy banks and the China Development Bank.

The anti-money laundering and counter-terrorist financing administration of financial asset management companies, trust companies, finance companies of enterprise groups, financial leasing companies, auto financing companies, money brokerage companies, consumer finance companies and other financial institutions established within the territory of the People's Republic of China with the approval of the banking regulatory authority of the State Council shall be carried out with reference to the provisions of these Measures on banking financial institutions.

Article 4 — Overseas branches and subsidiaries of banking financial institutions shall comply with the laws and regulations on anti-money laundering and counter-terrorist financing of the host countries (regions), assist and cooperate with the work of the regulatory authorities of the host countries (regions), and, to the extent permitted by the laws and regulations of the host countries (regions), implement the relevant requirements of these Measures.

Where the host country (region) does not permit the implementation of the relevant requirements of these Measures, the banking financial institution shall take appropriate additional measures to address money laundering and terrorist financing risks and report to the banking regulatory authority of the State Council.

Chapter II — Anti-Money Laundering and Counter-Terrorist Financing Obligations of Banking Financial Institutions

Article 5 — Banking financial institutions shall establish and improve a money laundering and terrorist financing risk management system, comprehensively identify and assess the money laundering and terrorist financing risks they face, and adopt policies and procedures commensurate with the risks.

Article 6 — Banking financial institutions shall incorporate money laundering and terrorist financing risk management into their comprehensive risk management system, embed anti-money laundering and counter-terrorist financing requirements into compliance management and internal control systems, and ensure that the money laundering and terrorist financing risk management system can comprehensively cover all products and services.

Article 7 — Banking financial institutions shall, in accordance with law, establish internal control systems for anti-money laundering and counter-terrorist financing and administer the implementation thereof by their branches and subsidiaries. The internal control systems for anti-money laundering and counter-terrorist financing shall include the following contents:

(1) the division of internal control responsibilities for anti-money laundering and counter-terrorist financing;

(2) internal control measures for anti-money laundering and counter-terrorist financing;

(3) internal control evaluation mechanisms for anti-money laundering and counter-terrorist financing;

(4) internal control supervision systems for anti-money laundering and counter-terrorist financing;

(5) emergency response mechanisms for major money laundering and terrorist financing risk events;

(6) confidentiality systems for anti-money laundering and counter-terrorist financing work information; and

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(7) other contents prescribed by the banking regulatory authority of the State Council and the anti-money laundering administrative department of the State Council.

Article 8 — Banking financial institutions shall establish a money laundering and terrorist financing risk governance structure with a sound organizational framework and clear boundaries of responsibilities, and clarify the division of responsibilities among the board of directors, the board of supervisors, senior management, business departments, anti-money laundering and counter-terrorist financing administration departments and internal audit departments in money laundering and terrorist financing risk management.

Article 9 — The board of directors of a banking financial institution shall bear ultimate responsibility for anti-money laundering and counter-terrorist financing work.

Article 10 — The senior management of a banking financial institution shall bear the implementation responsibility for money laundering and terrorist financing risk management.

A banking financial institution shall appoint or authorize a senior manager to take the lead in money laundering and terrorist financing risk management, who shall have the right to work independently. The banking financial institution shall ensure that such person can fully obtain the authority and resources required to perform their duties and avoid conflicts of interest that may affect the performance of their duties.

Article 11 — Banking financial institutions shall establish a dedicated anti-money laundering and counter-terrorist financing institution or designate an internal department to be responsible for anti-money laundering and counter-terrorist financing administration. The anti-money laundering and counter-terrorist financing administration department shall set up dedicated anti-money laundering and counter-terrorist financing posts and staff them with sufficient personnel.

Banking financial institutions shall clarify the anti-money laundering and counter-terrorist financing responsibilities of the relevant business departments and ensure the implementation of the internal control systems for anti-money laundering and counter-terrorist financing in business processes.

Article 12 — Banking financial institutions shall, in accordance with the provisions, establish, improve and implement customer identification systems, follow the principle of "know your customer," take effective measures with respect to different customers, business relationships or transactions to identify and verify customer identities, understand the purposes and nature of customers establishing and maintaining business relationships, and understand the beneficial owners of non-natural-person customers. During the subsistence of business relationships with customers, banking financial institutions shall take ongoing customer identification measures.

Article 13 — Banking financial institutions shall, in accordance with the provisions, establish, improve and implement systems for preserving customer identification information and transaction records, properly preserve customer identification information and transaction records, and ensure that such transactions can be reconstructed, so as to provide the information required for monitoring and analyzing transactions, investigating suspicious transaction activities and investigating and handling money laundering cases.

Article 14 — Banking financial institutions shall, in accordance with the provisions, establish, improve and implement large-value transaction and suspicious transaction reporting systems.

Article 15 — When carrying out business cooperation with financial institutions, banking financial institutions shall clarify the anti-money laundering and counter-terrorist financing responsibilities of both parties in the cooperation agreement, bear the corresponding legal obligations, provide each other with necessary assistance, and adopt effective risk control measures.

Article 16 — Where a banking financial institution is dissolved, revoked or becomes bankrupt, it shall transfer customer identification information and transaction records to the institution designated by the relevant department of the State Council.

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Article 17 — Banking financial institutions shall reasonably determine money laundering and terrorist financing risk levels on a customer basis in accordance with customer characteristics or account attributes, adopt corresponding control measures in light of the risk conditions, and adjust the risk levels in a timely manner on the basis of continuous monitoring.

Article 18 — Banking financial institutions shall establish, improve and implement self-assessment systems for money laundering and terrorist financing risks, and assess their internal and external money laundering and terrorist financing risks and the effectiveness of the relevant risk control measures.

Banking financial institutions shall conduct money laundering and terrorist financing risk assessments before launching new business or applying new technologies.

Article 19 — Banking financial institutions shall establish counter-terrorist financing management mechanisms and, in accordance with the lists of terrorist organizations and terrorist personnel and asset-freezing decisions issued by the national counter-terrorism leading body, take freezing measures against the relevant assets in accordance with law.

Banking financial institutions shall, in accordance with regulatory requirements, closely monitor the lists of terrorism-related personnel, promptly conduct risk screening of their own customers and transactions, and take corresponding measures in accordance with law.

Article 20 — Banking financial institutions shall implement the requirements of the sanctions resolutions of the United Nations Security Council in accordance with law.

Article 21 — Banking financial institutions shall conduct internal audits of anti-money laundering and counter-terrorist financing on an annual basis. The internal audit may be a special audit or may be conducted in combination with other audit projects.

Article 22 — Banking financial institutions and their staff shall keep confidential the customer identification information and transaction information obtained in performing anti-money laundering and counter-terrorist financing obligations in accordance with law; they shall not provide such information to any entity or individual except in accordance with law.

Article 23 — Banking financial institutions shall embed quantifiable anti-money laundering and counter-terrorist financing control indicators into information systems, so that risk information can be effectively transmitted, centralized and shared between business departments and anti-money laundering and counter-terrorist financing administration departments, satisfying the requirements for early warning, information extraction, analysis and reporting of money laundering and terrorist financing risks.

Article 24 — Banking financial institutions shall cooperate with the banking regulatory authority in its anti-money laundering and counter-terrorist financing supervision and inspection work.

Article 25 — Banking financial institutions shall, in accordance with laws, administrative regulations and the relevant provisions of the banking regulatory authority, perform their obligations to assist in inquiries, freezing and deductions, and cooperate with public security organs, judicial organs and others in the investigation of money laundering and terrorist financing cases.

Article 26 — Banking financial institutions shall perform well their work on overseas money laundering and terrorist financing risk control and compliant operation. Overseas branches and subsidiaries shall strengthen communication with overseas regulatory authorities and strictly comply with overseas laws, regulations and relevant regulatory requirements on anti-money laundering and counter-terrorist financing.

Where overseas branches and subsidiaries of banking financial institutions are subject to on-site inspection, administrative penalties, criminal investigation by local regulatory departments or judicial departments, or other major risk events occur, they shall promptly report to the banking regulatory authority.

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Article 27 — Banking financial institutions shall conduct due diligence and transaction monitoring with respect to cross-border business, perform well the prevention and control of money laundering risks, sanctions risks and terrorist financing risks in cross-border business, and strictly fulfill their obligations of correspondent banking due diligence and risk classification and rating.

Article 28 — Banking financial institutions shall not provide customer identification information and transaction information obtained in performing anti-money laundering and counter-terrorist financing obligations in accordance with law to overseas parties except in accordance with laws and administrative regulations.

Banking financial institutions shall promptly report to the banking regulatory authority issues concerning cross-border information provision and take corresponding measures in accordance with laws and regulations.

Article 29 — Banking financial institutions shall formulate anti-money laundering and counter-terrorist financing training systems and conduct anti-money laundering and counter-terrorist financing training on a regular basis.

Article 30 — Banking financial institutions shall carry out anti-money laundering and counter-terrorist financing publicity and preserve publicity materials and records of publicity work.

Chapter III — Supervision and Administration

Article 31 — The banking regulatory authority of the State Council shall, in accordance with law, perform the following duties of supervision and administration of anti-money laundering and counter-terrorist financing:

(1) formulating institutional documents on anti-money laundering and counter-terrorist financing of banking financial institutions;

(2) urging and guiding banking financial institutions to establish and improve internal control systems for anti-money laundering and counter-terrorist financing;

(3) supervising and inspecting the establishment and implementation of internal control systems for anti-money laundering and counter-terrorist financing of banking financial institutions;

(4) implementing anti-money laundering and counter-terrorist financing review requirements in market access work;

(5) carrying out anti-money laundering and counter-terrorist financing regulatory cooperation with banking regulatory authorities of other countries or regions;

(6) guiding banking financial institutions in performing their obligations to assist in inquiries, freezing and deductions in accordance with law;

(7) forwarding the relevant sanctions resolutions of the United Nations Security Council and urging banking financial institutions to implement financial sanctions requirements in accordance with law;

(8) reporting to investigation organs transactions suspected of money laundering and terrorist financing crimes, and assisting public security organs, judicial organs and others in investigating and handling suspected money laundering and terrorist financing crime cases;

(9) guiding banking financial institutions in responding to work on overseas assistance in enforcement cases and cross-border information provision;

(10) guiding industry self-regulatory organizations in carrying out anti-money laundering and counter-terrorist financing work;

(11) organizing and carrying out anti-money laundering and counter-terrorist financing training and publicity work; and

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(12) other anti-money laundering and counter-terrorist financing duties that shall be performed in accordance with law.

Article 32 — The banking regulatory authority shall perform its duties of banking anti-money laundering and counter-terrorist financing supervision, strengthen routine compliance supervision of anti-money laundering and counter-terrorist financing, and build a complete supervision chain covering before, during and after the event.

The banking regulatory authority shall strengthen regulatory coordination with the anti-money laundering administrative department of the State Council and other relevant departments, and establish an information sharing mechanism.

Article 33 — Banking financial institutions shall, as required, submit to the banking regulatory authority materials such as anti-money laundering and counter-terrorist financing systems, annual reports and major risk matters, and shall be responsible for the timeliness and truthfulness of the submitted materials.

The contents and format of the materials submitted shall be uniformly prescribed by the banking regulatory authority of the State Council.

Article 34 — The banking regulatory authority shall, within the scope of its duties, conduct on-site inspection in accordance with law of the performance by banking financial institutions of their anti-money laundering and counter-terrorist financing obligations. On-site inspection may be a special inspection or may be conducted in combination with other inspection projects.

The banking regulatory authority may conduct joint inspections with the anti-money laundering administrative department.

Article 35 — The banking regulatory authority shall, within the scope of its duties, evaluate the performance by banking financial institutions of their anti-money laundering and counter-terrorist financing obligations, and take the evaluation results as an important factor in the regulatory rating of banking financial institutions.

Article 36 — In market access work, the banking regulatory authority shall, in accordance with law, conduct anti-money laundering and counter-terrorist financing review of the establishment of legal-person banking financial institutions, the establishment of branches, equity changes, changes to registered capital, adjustment of business scope and increase of business types, and the qualifications of directors and senior managers, and shall not approve those that do not meet the conditions.

Article 37 — In market access work, the banking regulatory authority shall strictly review the backgrounds of promoters, shareholders, actual controllers, ultimate beneficiaries, directors and senior managers, and review the sources and channels of funds, so as to prevent lawbreakers from carrying out money laundering and terrorist financing activities through the establishment of institutions at the source.

Article 38 — The establishment of a banking financial institution shall meet the following anti-money laundering and counter-terrorist financing review conditions:

(1) the sources of investment funds are lawful;

(2) the relationships among shareholders and their controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries are clear and transparent, and there are no records of intentional or grossly negligent crimes;

(3) internal control systems for anti-money laundering and counter-terrorist financing have been established;

(4) a dedicated anti-money laundering and counter-terrorist financing work institution has been set up or an internal department has been designated to be responsible for such work;

(5) professional personnel for anti-money laundering and counter-terrorist financing are in place and have received the necessary anti-money laundering and counter-terrorist financing training;

(6) the construction of information systems meets the anti-money laundering and counter-terrorist financing requirements; and

(7) other conditions prescribed by the banking regulatory authority of the State Council.

Article 39 — The establishment of a domestic branch of a banking financial institution shall meet the following anti-money laundering and counter-terrorist financing review conditions:

(1) the head office has sound internal control systems for anti-money laundering and counter-terrorist financing and good control capability over branches;

(2) the head office's information system construction can support the anti-money laundering and counter-terrorist financing work of branches;

(3) the branch to be established has set up a dedicated anti-money laundering and counter-terrorist financing institution or designated an internal department to be responsible for anti-money laundering and counter-terrorist financing work;

(4) the branch to be established is staffed with professional personnel for anti-money laundering and counter-terrorist financing who have received the necessary anti-money laundering and counter-terrorist financing training; and

(5) other conditions prescribed by the banking regulatory authority of the State Council.

Article 40 — Where a banking financial institution applies to invest in establishing, hold equity in, or acquire a domestic legal-person financial institution, the applicant shall have sound internal control systems for anti-money laundering and counter-terrorist financing.

Article 41 — Where a banking financial institution applies to invest in establishing, hold equity in, or acquire an overseas financial institution, it shall have sound internal control systems for anti-money laundering and counter-terrorist financing and a professional talent team meeting the overseas anti-money laundering and counter-terrorist financing regulatory requirements.

Article 42 — Shareholders of banking financial institutions shall ensure that the sources of funds are lawful, and shall not contribute capital with funds from criminal proceeds or other funds that do not comply with laws, administrative regulations and regulatory provisions. Banking financial institutions shall be aware of the sources of shareholders' capital contribution funds and shall, when equity changes or registered capital changes occur, report to or obtain approval from the banking regulatory authority as required.

Article 43 — Where a banking financial institution launches new business that requires the approval of the banking regulatory authority, it shall submit a money laundering and terrorist financing risk assessment report for the new business. When conducting business access, the banking regulatory authority shall review the money laundering and terrorist financing risk assessment of the new business.

Article 44 — A person proposed for the position of director or senior manager of a banking financial institution shall meet the following conditions:

(1) there is no record of intentional or grossly negligent crime; and

(2) the person is familiar with anti-money laundering and counter-terrorist financing laws and regulations, has received the necessary anti-money laundering and counter-terrorist financing training, and has passed the qualification test organized by the banking regulatory authority that includes anti-money laundering and counter-terrorist financing content.

Directors and senior managers of overseas institutions of banking financial institutions who are subject to qualification review shall be familiar with overseas anti-money laundering and counter-terrorist financing laws and regulations and have the corresponding ability to perform anti-money laundering and counter-terrorist financing duties.

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The application materials for the qualifications of directors and senior managers of banking financial institutions shall include a report on their receipt of anti-money laundering and counter-terrorist financing training and a commitment letter signed by them to perform anti-money laundering and counter-terrorist financing obligations.

Article 45 — The provincial-level dispatched offices of the banking regulatory authority of the State Council shall, by the end of the first quarter of each year, submit to the banking regulatory authority of the State Council, as required, the annual anti-money laundering and counter-terrorist financing work report for the preceding year, including the review of anti-money laundering and counter-terrorist financing market access work, on-site inspection and off-site supervision, and the anti-money laundering and counter-terrorist financing work of banking financial institutions within their jurisdictions.

Article 46 — The banking regulatory authority of the State Council shall strengthen communication and exchange with overseas regulatory authorities, and strengthen cross-border anti-money laundering and counter-terrorist financing regulatory cooperation through signing regulatory cooperation agreements, holding bilateral regulatory consultations and holding joint regulatory meetings.

Article 47 — The banking regulatory authority shall, within the scope of its duties, conduct regular monitoring and analysis of the money laundering and terrorist financing risk management of overseas institutions of banking financial institutions. The regulatory authority shall take the money laundering and terrorist financing risk management of overseas institutions as an important part of regulatory talks and external audit talks with banking financial institutions.

Article 48 — The banking regulatory authority shall, within the scope of its duties, conduct on-site inspection in accordance with law of the money laundering and terrorist financing risk management of overseas institutions of banking financial institutions, promptly take regulatory measures against overseas institutions with problems, and impose penalties on violating institutions in accordance with laws and regulations.

Chapter IV — Legal Liability

Article 49 — Where a banking financial institution violates these Measures and falls under any of the following circumstances, the banking regulatory authority may take regulatory measures or impose penalties on it in accordance with the Banking Supervision and Administration Law of the People's Republic of China:

(1) failing to establish internal control systems for anti-money laundering and counter-terrorist financing in accordance with the provisions;

(2) failing to effectively implement internal control systems for anti-money laundering and counter-terrorist financing;

(3) failing to set up a dedicated anti-money laundering and counter-terrorist financing institution or designate an internal department to be responsible for anti-money laundering and counter-terrorist financing work in accordance with the provisions; or

(4) failing to perform other anti-money laundering and counter-terrorist financing obligations in accordance with the provisions.

Article 50 — Where a banking financial institution fails to submit the relevant materials in accordance with Article 33 of these Measures, the banking regulatory authority may impose penalties on it in accordance with Articles 46 and 47 of the Banking Supervision and Administration Law of the People's Republic of China.

Article 51 — The banking regulatory authority shall handle penalties or other suggestions put forward by the anti-money laundering administrative department in accordance with law.

Article 52 — Where a banking financial institution or its staff participates in money laundering, terrorist financing or other illegal and criminal activities that constitute a crime, criminal liability shall be pursued in

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accordance with law.

Chapter V — Supplementary Provisions

Article 53 — These Measures shall be interpreted by the banking regulatory authority of the State Council.

Article 54 — The anti-money laundering and counter-terrorist financing industry rules formulated by industry self-regulatory organizations shall be reported to the banking regulatory authority.

Article 55 — These Measures shall take effect on the date of promulgation.

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