
Order of the President of the People's Republic of China

(No. 56)

The Anti-Money Laundering Law of the People's Republic of China, adopted at the 24th Meeting of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on October 31, 2006, is hereby promulgated and shall enter into force as of January 1, 2007.

Hu Jintao
President of the People's Republic of China
October 31, 2006

Anti-Money Laundering Law of the People's Republic of China

(Adopted at the 24th Meeting of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on October 31, 2006)

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Chapter I General Provisions

Article 1 The Law is made to prevent money laundering activities, to maintain financial order, and to suppress the crime of money laundering and related crimes.

Article 2 Anti-money laundering in this law is defined as actions undertaken pursuant to this law to prevent the money laundering activities that, through various means, conceal or disguise the true source and nature of proceeds of crimes, or of income or benefits derived

from proceeds of crimes, such as but not limited to drug related crimes, crimes committed by organizations in the nature of criminal syndicate, crimes of terrorism, crimes of smuggling, crimes of embezzlement and bribery, crimes of disrupting the order of financial administration and crimes of financial fraud .

Article 3 All financial institutions established in the territory of the People’s Republic of China and designated non-financial institutions obligated to perform anti-money laundering responsibilities as required by rules set forth in this law shall take preventive and monitoring measures, and establish sound programs for customer identification, record keeping of customers’ identity information and transactions, and reporting of large-value and suspicious transactions, thereby fulfilling their anti-money laundering obligations, pursuant to this law.

Article 4 The Competent Authority in charge of anti-money laundering affairs under the State Council (“ the Competent Authority” hereafter) is the overarching organ that superintends the administration of anti-money laundering regime at the national level. All the relevant authorities and institutions under the State Council shall carry out their responsibilities on anti-money laundering supervision within their own jurisdictions.

The Competent Authority, other relevant authorities or institutions under the State Council and the judicial agencies shall cooperate with each other while carrying out their anti-money laundering responsibilities.

Article 5 Customer identification materials and transaction information obtained while legally discharging the anti-money laundering responsibilities or obligations shall be kept confidential, and unless otherwise specified by law, shall not be disclosed to any other organization or individual.

Customer identification materials and transaction information obtained by the Competent Authority and other authorities or agencies that are responsible for anti-money laundering supervision and regulation in pursuant to the law while performing their anti-money laundering responsibilities shall not be used for purposes other than anti-money laundering administrative investigations.

Customer identification materials and transaction information obtained by the judicial agencies pursuant to this law shall not be used for purposes other than criminal investigations and proceedings.

Article 6 Institutions and their employees obligated to perform anti-money laundering responsibilities are protected by law to report large-value or suspicious transactions pursuant to this law.

Article 7 Any organization or individual shall have the right to report to the Competent Authority and its dispatched institutions or the public security agencies of any money laundering activity. The agencies receiving the report shall keep the reporter and the reported

information confidential.

Chapter II Supervision and Regulation on Anti-Money Laundering

Article 8 The Competent Authority shall:

- 1) organize and coordinate national anti-money laundering tasks;
- 2) monitor the movement of funds for the purpose of anti-money laundering;
- 3) issue, or issue jointly with the relevant financial regulatory authorities under the State Council, anti-money laundering regulations or rules for financial institutions,
- 4) supervise and inspect financial institutions on their fulfillment of the anti-money laundering obligations;
- 5) investigate suspicious transactions or activities within its own jurisdictions; and
- 6) perform other anti-money laundering functions and responsibilities prescribed by law or the State Council.

The dispatched institutions of the Competent Authority shall, within the mandate set by the Competent Authority, supervise and inspect financial institutions on their fulfillment of the anti-money laundering obligations.

Article 9 Relevant financial regulatory authority under the State Council shall:

- 1) participate in the drafting and issuance of anti-money laundering regulations or rules for the financial institutions under its regulatory authority.
- 2) put forward the requirements for the financial institutions under its authority to establish a sound anti-money laundering internal control program pursuant to relevant laws, regulations or rules; and
- 3) perform other functions and responsibilities related to anti-money laundering prescribed by law or the State Council.

Article 10 The Competent Authority shall set up an Anti-Money Laundering Intelligence Center. The Anti-Money Laundering Intelligence Center shall be responsible for receiving and analyzing the large-value and suspicious transactions, reporting the analysis results to the Competent Authority and perform other functions and responsibilities related to anti-money laundering prescribed by the Competent Authority.

Article 11 The Competent Authority shall be allowed to obtain necessary information from other relevant authorities or institutions under the State Council in order to perform duties of monitoring the movement of funds for anti-money laundering purposes. Relevant authorities or institutions under the State Council shall provide such information.

The Competent Authority shall inform other relevant authorities or institutions under the State Council of the work on anti-money laundering on a regular basis.

Article 12 The Customs shall inform the Competent Authority or its dispatched institutions in

time in case that any individual is found to cross the border with cash or bearer negotiable instrument with a value exceeding the prescriptive amount.

The aforementioned amount need to be informed shall be decided jointly by the Competent Authority and the General Administration of Customs.

Article 13 The Competent Authority and other authorities or agencies that are responsible for anti-money laundering supervision and regulation in pursuant to the law shall report to the law enforcement agencies of any transaction suspected of money laundering crimes.

Article 14 The relevant financial regulatory authorities under the State Council shall examine the anti-money laundering internal control program when approving the entry of any new financial institution, or any new subsidiary or branch of an established financial institution. The approval should not be made if the application is not compliant with this law.

Chapter III Anti-Money Laundering Obligations for the Financial Institutions

Article 15 Each financial institution shall establish and improve anti-money laundering internal control program according to this law. Persons in charge of a financial institution shall take responsibility for the effective implementation of the internal control program.

Each financial institution shall establish a specialized unit or designate a unit to be responsible for anti-money laundering tasks.

Article 16 Each financial institution shall establish customer identification program.

When establishing business relationship with any customer or providing occasional services above the prescriptive amount, such as cash remittance, currency exchange, payment for bills, etc., the financial institution shall require its customer to show a valid identity card or other identity document, verify the documents and register the identity information.

If the customer is represented by another person to conduct the business, the financial institution shall verify both the representative's and the represented customer's identity cards or other identity documents and register the identity information.

When establishing relationship in businesses such as insurance of persons, trust, etc, and the beneficiary of the contract is not the customer, the financial institution shall also verify the beneficiary's identity cards or other identity documents and register the identity information.

A financial institution shall not provide services to or conduct transactions with any customer whose identity is yet to be clarified. A financial institution shall not open anonymous accounts or accounts in fictitious name for its customer.

A financial institution shall re-identify its customer in case that the authenticity, validity or

integrity of the identification record of the customer obtained previously is doubted.

Any entity or individual shall provide authentic and valid identity card or other identity documents to a financial institution while establishing business relationship with the financial institution or requesting a financial institution for occasional financial services.

Article 17 In case that the customer is identified through a third party, the financial institution shall make sure that the third party has taken necessary measures to identify the customers in accordance with this law. The financial institution shall undertake the liability for failing to fulfill customer identification obligations if the third party fails to take necessary measures to identify the customers in accordance with this law.

Article 18 While identifying its customers, a financial institution can verify relevant identity information of the customers through the public security agencies and the industrial and commercial registration agencies, if necessary.

Article 19 Each financial institution shall establish a program to keep the customer identity records and transaction records as required by law, relevant regulations or rules.

Customer's identity information shall be updated in time if any change occurs during the existing period of business relationship.

Customer's identity information shall be kept for at least five years following the termination of business relationship. Customer's transaction information shall be kept for a minimum of five years following the completion of transaction.

In the case that a financial institution goes bankruptcy or is dismissed, the customer identity documents and transaction information shall be transferred to the institution specified by the relevant authorities under the State Council.

Article 20 Each financial institution shall implement large-value transaction and suspicious transaction reporting program in accordance with the law, relevant regulations or rules.

A financial institution shall report any transactions with a single volume or accumulated volume within a set period exceeding the prescriptive amount, or any suspicious transaction, it shall report to the Anti-Money Laundering Intelligence Center in time.

Article 21 The specific rules governing the establishment of programs of customer identification record keeping for the customer identification documents and transactions by the financial institutions shall be issued jointly by the Competent Authority and the relevant financial regulatory authorities. The specific rules governing the large-value and suspicious transactions reporting program by the financial institutions shall be issued by the Competent Authority.

Article 22 Each financial institution shall carry out training and awareness-raising activities in accordance with the requirement for anti-money laundering prevention and monitoring.

Chapter IV Anti-Money Laundering Investigations

Article 23 The Competent Authority and its dispatched institution at the provincial level are authorized to investigate and verify suspicious transactions through financial institutions. Financial institutions shall co-operate with the investigation and provide relevant documents and information faithfully.

When investigation is undertaken, the number of investigators shall not be less than two, and valid documents and investigation notice issued by the Competent Authority or its dispatched institutions at the provincial level shall be presented. If the number of investors is less than two or valid documents and investigation notice issued by the Competent Authority are not properly presented, the financial institution has the right to refuse the investigation.

Article 24 When investigation upon suspicious transactions is undertaken, relevant staff of a financial institution could be required to provide information.

Inquiry record shall be made when enquiry is conducted. The inquiry record shall be verified by the enquired. The inquired has the right to request supplements or corrections if the enquiry record is thought to have missing or incorrect points. The inquired shall sign his or her name on or seal up the documents after the verification of the enquiry record. The investigator shall also sign on the enquiry record.

Article 25 In case that additional investigation or verification needs to be performed, upon authorization of the responsible person in charge of the Competent Authority or its dispatched institutions at the provincial level, the account information, transaction record and other materials related to the investigated can be checked and copied. If investigation involves any document or material that can be transferred, concealed, tampered or damaged, the document or material can be sealed.

While sealing up any document or material for keeping, the investigators shall check the items to be sealed with the staff of the financial institution present. Two lists of sealed items shall be made on the spot, and signed by both the investigator and the staff of the financial institution. One of the two lists shall be kept by the financial institution, the other attached to the file for future check-up.

Article 26 If the suspicion is not excluded after investigation, the case shall be reported to the law enforcement agency with proper jurisdiction. In case that the customer requests the fund in the investigated accounts to be transferred overseas, temporary freezing measures can be taken upon the authorization by the responsible person of the Competent Authority.

The law enforcement agency, upon receiving the case with fund frozen through temporary

freezing measures prescribed by the aforementioned provision, shall decide whether to continue to freeze the fund. If the decision of continuing to freeze the fund is made, formal freezing measures shall be taken pursuant to the relevant provisions in the Criminal Procedural Law. If the decision of not to continue to freeze the fund is made, the Competent Authority shall be informed immediately and notify the financial institutions to remove the freezing measure.

Temporary freezing shall not exceed 48 hours. Unless getting continual freezing notice from the law enforcement agencies within 48 hours after the temporary freezing measure is taken, the financial institution shall remove freezing immediately upon the expiry of 48 hours.

Chapter V International Co-operation against Money Laundering

Article 27 The People's Republic of China conducts international cooperation against money laundering pursuant to the international conventions or treaties it concludes or is a party to, or the principles of equality and mutual benefits.

Article 28 The Competent Authority represents the Chinese government in cooperation on anti-money laundering with foreign government or relevant international organizations in accordance with the authorization of the State Council, and exchanges information or materials related to anti-money laundering with overseas anti-money laundering authorities in accordance relevant laws.

Article 29 Judicial assistance requests related to money laundering crimes shall be dealt with by the judicial authorities in accordance with relevant laws, regulations or rules.

Chapter VI Legal Liabilities

Article 30 In the case of any of the following misconducts, correspondent administrative sanctions shall be imposed on the employee performing anti-money laundering tasks of the Competent Authority and other authorities or agencies that are responsible for the anti-money laundering supervision and regulation in pursuant to the law:

- 1) inspecting, investigating or taking temporary freezing measure in violation of the law, relevant or rules;
- 2) disclosing confidential information about anti-money laundering task, commercial secrets or individual privacy in violation of the law, relevant regulations or rules;
- 3) imposing administrative punishment upon relevant institutions or individuals in violation of the law, relevant regulations or rules; or
- 4) other misconducts in violation of the obligations specified by the law.

Article 31 In the case of any of the following misconducts by a financial institution, the Competent Authority or its authorized dispatched institution above the level of municipalities with districts shall order the institution to take corrective measures within a specified period. In case of serious misconduct, the Competent Authority shall propose to the relevant financial

regulatory authorities to order the financial institution to impose correspondent disciplinary sanctions on the directors, senior managers, and other person(s) directly responsible for the misconduct in line with the law:

- 1) failing to establish internal control program on anti-money laundering in accordance with the law and relevant rules;
- 2) failing to establish a specialized unit or designate an internal unit to be responsible for anti-money laundering tasks in accordance with the law, relevant regulations or rules; or
- 3) failing to provide anti-money laundering trainings to its employees in accordance with the law, relevant regulations or rules.

Article 32 In the case of any of the following misconducts by any financial institution, the Competent Authority or its authorized dispatched institution above the level of municipalities with districts shall order the institution to take corrective measures within a specified period. In case of serious misconduct, a fine shall be imposed on the institution between RMB 200,000 yuan and RMB 500,000 yuan. In addition, the directors, senior managers and other person(s) directly responsible for the misconduct shall be imposed a fine between RMB 10,000 yuan and RMB 50,000 yuan:

- 1) failing to fulfill the obligation of identifying customers in accordance with the law, relevant regulations or rules;
- 2) failing to keep the identity information of customers and transaction records in accordance with the law, relevant regulations or rules;
- 3) failing to report large-value or suspicious transactions in accordance with the law, relevant regulations or rules;
- 4) conducting transactions with customers whose identities are yet to be clarified or opening anonymous accounts or accounts in fictitious names for customers;
- 5) disclosing relevant information in violation of confidential provisions;
- 6) refusing or blocking anti-money laundering inspection or investigations; or
- 7) refusing to provide investigated materials or provide fictitious materials purposely.

In case that the financial institution commit any of the misconduct mentioned in the previous paragraph and result in the occurrence of the money laundering activities, the institution shall be imposed a fine between RMB 500,000 yuan and RMB 5,000,000 yuan. The directors, senior managers and other person(s) directly responsible for the misconduct shall be given a warning and be imposed a fine between RMB 50,000 yuan and RMB 500,000 yuan. If the circumstance is extremely serious, the Competent Authority can propose to the relevant financial regulatory authorities to order the financial institution to stop its operations for internal rectification or withdraw its business license.

The Competent Authority can propose to the relevant financial regulatory authorities to order the financial institution to imposedisciplinary sanctions on the directors, senior managers and other person(s)directly responsible for the misconduct of the financial institutions in cases mentioned in the previous 2 paragraphs, or disqualify them from taking the positions, or prohibit them from engaging in financial businesses.

Article 33 If the misconduct in violation of this law is serious enough to become a crime, correspondent criminal liabilities shall be pursued in accordance with relevant laws.

Chapter VII Supplementary Provisions

Article 34 Financial institutions herein are referred to as the following institutions legally established and engaged in financial businesses: policy banks, commercial banks, credit cooperatives, postal savings institutions, trust investment companies, securities companies, futures broker companies, insurance companies, and other institutions engaged in financial businesses identified and proclaimed by the Competent Authority.

Article 35 The scope of the designated non-financial institutions that shall bear anti-money laundering obligations and the specific measures of the obligations and supervisions for the designated non-financial institutions shall be decided jointly by the Competent Authority and other relevant authorities under the State Council.

Article 36 This law is applicable to the monitoring of suspicious fund related to terrorist activities unless other laws prescribe otherwise.

Article 37 This Law shall enter into force as of January 1, 2007.