



THE LAW OF THE PEOPLE'S  
REPUBLIC OF CHINA ON  
THE PEOPLE'S BANK OF CHINA

中华人民共和国中国人民银行法

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*(Adopted at the 3rd Session of the 8th National People's Congress on March 18, 1995. Promulgated as Decree No. 46 of the President of the People's Republic of China on March 18, 1995. Effective as of March 18, 1995.)*

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# **THE LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON THE PEOPLE'S BANK OF CHINA**

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## ***CHAPTER I***

### **GENERAL PROVISIONS**

**Article 1** This Law is formulated to establish the status and duties of the People's Bank of China, ensure the correct enactment and execution of the monetary policy of the state, establish and perfect the macroscopic adjustment and control system of the Central Bank, and strengthen supervision and administration of the banking industry.

**Article 2** The People's Bank of China is the Central Bank of the People's Republic of China.

The People's Republic of China shall, under the guidance of the State Council, formulate and execute a monetary policy, and conduct supervision and administration of the banking industry.

**Article 3** The aim of the monetary policy is to keep the stability of currency value, thereby to promote economic growth.

**Article 4** The People's Bank of China shall carry out the following duties:

- (1) Formulating and executing a monetary policy according to law;
- (2) Issuing RMB notes and managing their circulation;

(3) Examining, approving, supervising and managing financial institutions in accordance with the rules;

(4) Supervising and managing the financial market in accordance with the rules;

(5) Promulgating orders, instructions and regulations on financial supervision, administration and business;

(6) Holding, managing and handling the transactions of the foreign exchange reserve and gold reserve of the State;

(7) Managing the State Treasury;

(8) Ensuring the normal operation of the payment and liquidation systems;

(9) Being responsible for the statistics, investigations, analyses and calculations of the banking industry;

(10) As the State Central Bank, engaging in relevant international financial activities; and

(11) Other duties prescribed by the State Council.

The People's Bank of China may conduct financial business according to the relevant provisions in Chapter Four of this Law in order to execute the monetary policy.

**Article 5** The decisions made by the People's Bank of China on important matters prescribed by the State Council, such as the yearly money supply, interest rate and exchange rate, shall be submitted to the State Council and be executed upon approval by the latter.

After making decisions on issues concerning the monetary policy other than the issues prescribed in the preceding paragraph, the People's Bank of China shall

conduct the implementation of these decisions promptly and report them to the State Council for the record.

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

**Article 7** The People's Bank of China shall, under the guidance of the State Council, implement the monetary policy, carry out duties and develop business according to law, independent of interference by any local government or governmental organ at any level, social group or individual.

**Article 8** The whole capital of the People's Bank of China shall be raised by the State and belong to the State.



## ***CHAPTER II***

### **ORGANIZATIONAL STRUCTURE**

**Article 9** The People's Bank of China shall have one governor and several deputy governors.

The governor of the People's Bank of China shall be decided by the National People's Congress according to nomination by the Premier of the State Council. When the National People's Congress is not in session the governor shall be decided by the Standing Committee of the National People's Congress, and appointed or removed by the President of the People's Republic of China. Deputy governors of the People's Bank of China shall be appointed or removed by the Premier of the State Council.

**Article 10** The People's Bank of China shall practice the system in which the governor assumes full responsibility. The governor shall lead the work of the People's Bank of China, and the deputy governors shall assist the governor in his/her work.

**Article 11** The People's Bank of China shall set up a monetary policy commission. The commission's duties, composition and work procedures shall be prescribed by the State Council and reported to the Standing Committee

of the National People's Congress for the record.

**Article 12** The People's Bank of China may establish branches as its agencies in accordance with the requirements for fulfillment of duties. The People's Bank of China shall exercise centralized and unified leadership and management of its branches.

The branches of the People's Bank of China shall, in accordance with the authorization of the People's Bank of China, be responsible for financial supervision and management within their own jurisdictions and handle the relevant business.

**Article 13** The governor, deputy governors and other staff of the People's Bank of China shall perform their duties scrupulously. They shall not abuse their powers, practice favoritism, engage in embezzlement, or concurrently hold any position in any other financial institution, enterprise or foundation.

**Article 14** The governor, deputy governors and other staff of the People's Bank of China shall guard State secrets in accordance with the law, and be responsible for keeping the secrets of financial institutions and parties concerned under their supervision and management.

### **CHAPTER III**

#### **RENMINBI (RMB)**

**Article 15** The legal tender of the People's Republic of China is RMB. All public and private debts shall be paid in RMB within the territory of the People's Republic of China, and no unit or individual may refuse to accept it.

**Article 16** The unit of RMB is the Yuan, and the fractional currency units of RMB are the Jiao and Fen.

**Article 17** RMB notes shall be uniformly printed and issued by the People's Bank of China.

When issuing a new edition of RMB notes, the People's Bank of China shall promulgate the time of issuance and the denomination, pattern, sample and specifications of the issuance.

**Article 18** It is prohibited to forge or counterfeit RMB notes. It is prohibited to sell or purchase forged or counterfeit RMB notes. It is prohibited to transport, hold or use forged or counterfeit RMB notes. It is prohibited to deliberately damage RMB notes. It is prohibited to illegally use the patterns of RMB notes in publicity materials, publications or other commodities.

**Article 19** No unit or individual is allowed to print or sell substitute tickets or securities to take the place of RMB in market circulation.

**Article 20** Tattered or stained RMB notes shall be exchanged according to the provisions of the People's Bank of China, which shall be responsible for the withdrawal and destruction of such notes.

**Article 21** The People's Bank of China shall set up a store for issuing RMB notes, and branch stores shall be established by its branches. The branches shall allocate RMB issue funds according to the allocation orders of the store at the higher level. No unit or individual shall use such funds in violation of the provisions.

## **CHAPTER IV**

### **BUSINESS**

**Article 22** The People's Bank of China may employ the following monetary policy instruments to execute the monetary policy:

(1) Requiring financial organs to deliver deposit reserve funds in stipulated proportions;

(2) Fixing the standard interest rate of the Central Bank;

(3) Handling rediscounts for financial organs that have opened an account with the People's Bank of China;

(4) Supplying loans to commercial banks;

(5) Buying and selling state debts, other government bonds and foreign exchange on the public market; and

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

In order to carry out the monetary policy, the People's Bank of China may stipulate specific conditions and procedures when making use of the monetary policy instruments listed in the preceding paragraph.

**Article 23** The People's Bank of China shall manage the State Treasury in compliance with the prescriptions of laws and administrative regulations.

**Article 24** The People's Bank of China may, acting as

the agent of the financial department of the State Council, issue and cash State debts and other government bonds to all financial institutions.

**Article 25** The People's Bank of China may open accounts for financial institutions, if necessary, but shall not overdraw their accounts.

**Article 26** The People's Bank of China shall organize or assist in organizing the liquidation system among financial institutions, coordinate liquidation matters among them and provide liquidation service. The specific measures shall be prescribed by the People's Bank of China.

**Article 27** The People's Bank of China may determine the amount, term, interest rate and form of loans to commercial banks to meet the requirements arising from the implementation of the monetary policy. The term of a loan shall not exceed one year.

**Article 28** The People's Bank of China shall not overdraw government finances, and shall not directly subscribe for or exclusively sell State debts or other government bonds.

**Article 29** The People's Bank of China shall not supply loans to local governments or governmental departments at any level, and to non-banking financial institutions or any other unit or individual, with the

exception of the special non-banking financial institutions that are allowed to receive loans from the People's Bank of China, as prescribed by the State Council.

The People's Bank of China shall not provide guarantees to any unit or individual.

## ***CHAPTER V***

### **BANKING SUPERVISION AND ADMINISTRATION**

**Article 30** The People's Bank of China shall conduct supervision and administration of financial institutions and their businesses in accordance with the law, to maintain the legal and steady operation of the banking industry.

**Article 31** The People's Bank of China shall, in accordance with the relevant provisions, examine and approve the establishment, alteration and termination of financial institutions and their business scopes.

**Article 32** The People's Bank of China shall be empowered to check, inspect and supervise the deposits, loans, settlements and bad accounts of financial institutions at any time.

The People's Bank of China shall be empowered to inspect and supervise financial institutions that raise or lower the interest rates of deposits or loans in violation of the relevant provisions.

**Article 33** The People's Bank of China shall be empowered to demand that financial institutions submit states of assets and liabilities, profit-and-loss statements,



other financial and accounting statements and data in accordance with the relevant provisions.

**Article 34** The People's Bank of China shall be responsible for uniformly formulating the data and statements of financial statistics of the whole country and shall promulgate them in accordance with the relevant provisions of the State.

**Article 35** The People's Bank of China shall direct and supervise the financial business of policy banks of the State.

**Article 36** The People's Bank of China shall establish and perfect the institutions of checks and inspection within its own system and strengthen internal supervision and management.