

# THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED BY CHINA

## ARTICLE 14 UNCAC

### PREVENTION OF MONEY-LAUNDERING

#### CHINA (SIXTH MEETING)

#### **Major Practices in China for Preventing Money-laundering**

A regime against money laundering and terrorism financing has been gradually established in China since 2003, which centers on the “one law and five decrees”, and now largely covers requirements of international standards for building a national anti-money laundering and anti-terrorism financing legal system in different countries. China’s anti-money laundering regulatory authorities, in line with the new international standards against money laundering, are engaged in in-depth practice of risk-based anti-money laundering approaches, for the purposes of improving the legal regulatory system and the risk control mechanism in this field.

#### **I. Improvement of the Anti-money Laundering Legal System**

Up till now, China’s anti-money laundering and anti-terrorism financing legal system mainly comprises the following: i) laws, such as the *Criminal Law*, *Anti-money Laundering Law*, *Decisions of the National People's Congress on Strengthening Anti-terrorism Work* and *Interpretations of the Supreme People’s Court on Applicable Laws for Cases of Money Laundering and Other Criminal Cases*; ii) regulations, such as *Anti-money Laundering Regulations for Financial Institutions*, *Administrative Measures for Financial Institutions on the Reporting of Large-value or Suspicious Transactions*, *Administrative Measures for Financial Institutions on the Reporting of Transactions Suspicious of Terrorist Financing*, *Administrative Measures for Financial Institutions on Customer Identification and Preservation of Records on Customer Identification Information and Transactions*, and *Administrative Measures for the Freezing of Assets Suspicious of Terrorist Activities*; iii) normative and policy documents, such as *Administrative Measures for Payment Institutions on Anti-money Laundering and Anti-terrorism Financing Issues*, *Measures for Financial Institutions on Anti-money Laundering Supervision and Administration (Trial)* and other supporting systems.

#### **II. Comprehensive Work on Anti-money Laundering Supervision and Administration in the Financial Sector**

In accordance with the *Anti-money Laundering Law*, the People's Bank of China is responsible for supervising and reviewing financial institutions’ performance in their fulfillment of the anti-money laundering obligations, and for coordinating and promoting the anti-money laundering supervision and administration over non-financial institutions. At present, its anti-money laundering regulation covers more than two thousand legal entities and over 300,000 branches of financial institutions and non-financial institutions in such various sectors as banking, securities, futures and insurance. Over recent years,

the People's Bank of China has: actively carried out on-site inspections and requested various organizations to effectively fulfill their responsibilities; engaged in special survey and study of the business models of various institutions, as well as their money laundering and terrorism financing risks; searched and investigated financial institutions by using on-site inspection software and non-modular inspection methodologies to find the clues through on-site inspections. Meanwhile, the Central Bank keeps abreast of anti-money laundering work of financial institutions flexibly by other means of supervision, so as to provide greater guidance and help to these institutions. Based on monitoring over suspicious transactions and analysis results of money laundering types, the Bank promptly releases risk alert to financial institutions to guide them to devote more resources to the anti-money laundering work in high-risk areas.

### **III. Establishment of National Anti-money Laundering Coordinating Mechanism**

The People's Bank of China has actively advocated and made joint efforts with relevant departments to establish and improve the anti-money laundering coordination mechanism since 2004. At the level of national strategy, an inter-ministerial joint conference mechanism for the anti-money laundering work was set up in China in 2004, which was participated by 23 ministries and agencies; as a result, the *Rules for Anti-money Laundering Inter-ministerial Joint Conference Regime* was released, clearly defining the anti-money laundering responsibilities of relevant ministries and departments. This conference has been convened for seven times, with relevant discussion and consultations covering responsibilities of member agency, regulation and administration over anti-money laundering work, international cooperation, strategic planning, programs of national anti-money laundering risk assessment and other inter-departmental priorities. On the dimension of sectoral regulation, PBoC, following its establishment of the anti-money laundering briefing mechanism in 2012, makes regular briefings on the anti-money laundering and terrorism financing developments, communicate anti-money laundering policies from the regulatory authorities, releases warnings on money laundering and terrorism financing risks, exchanges information on anti-money laundering work with financial institutions, and proposes specific tasks on anti-money laundering. The People's Bank of China, the China Banking Regulatory Commission, the China Securities Regulatory Commission, the China Insurance Regulatory Commission and some other financial regulators also have set up an anti-money laundering coordination task force, for communication and coordination of anti-money laundering work.

### **IV. Deepening International Multilateral and Bilateral Anti-money Laundering Cooperation**

Over the recent years, China has made sustained and steady progress in the work of international anti-money laundering cooperation. Since its entry into the FATF in 2007, China has been committed to active communication with the FATF and its member states while earnestly implementing and timely completing the *Action Plan of China to Improve the Anti-money Laundering and Anti-terrorist Financing System* as promised by the Chinese government. In 2012, the FATF formally ended the follow-up procedures for mutual assessment with China, indicating that China basically met requirements of the core and key provisions in the FATF recommendations. In July 2014, China, as the Co-

chair country of the Asia/Pacific Group on Money Laundering (APG), successfully hosted the sixteenth annual meeting of the APG in Shanghai. In strengthening bilateral cooperation, the People's Bank of China signed an anti-money laundering memorandum of understanding in 2013 with the Central Bank of Argentina, and it has also engaged in contacts and communications with other countries for the purpose of strengthening bilateral regulatory cooperation. Up to now, the China Anti-Money Laundering Monitoring and Analysis Center has signed bilateral documents on anti-money laundering information exchange and cooperation with a total of 24 overseas financial intelligence organizations, and has developed sound cooperation.