



PEOPLE'S REPUBLIC OF CHINA

June 2019

REPORT ON THE OBSERVANCE OF STANDARDS AND CODES—FATF RECOMMENDATIONS FOR ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

This Report on the Observance of Standards and Codes on FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism for China was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed in July 2018.

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REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)

FATF RECOMMENDATIONS FOR ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

Anti-Money Laundering/Combating the Financing of Terrorism: This Report on the Observance of Standards and Codes for the FATF 40 Recommendations—International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (AML/CFT) was prepared by the IMF.¹ The report provides a summary of the AML/CFT measures in place in China and of the level of compliance with the FATF 40 Recommendations and the level of effectiveness, and contains recommendations on how the AML/CFT system could be strengthened. The assessment is based on the information available at the time of the mission from July 9–27, 2018 and other verifiable information subsequently provided by the authorities. It was conducted using the 2013 assessment methodology. The Detailed Assessment Report (DAR) on which this document is based was adopted by the FATF Plenary on February 21, 2019. The views expressed here, as well as in the full assessment report, are those of the staff team and the FATF and do not necessarily reflect the views of the Government of China or the Executive Board of the IMF.

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This Report on the Observance of Standards and Codes (ROSC) for the FATF 40 Recommendations—International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (AML/CFT) was prepared by IMF staff using the 2013 assessment methodology. Further information on ROSCs can be found at <http://www.imf.org/external/NP/rosc/rosc.aspx>

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Glossary

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
AMLB	Anti-Money Laundering Bureau
AMLJMC	Anti-Money Laundering Joint Ministerial Conference
BO	Beneficial Ownership
CAMLMAC	China Anti-Money Laundering Monitoring and Analysis Center
CBRC	China Banking Regulatory Commission
CDD	Customer Due Diligence
CSRC	China Securities Regulatory Commission
DNFBP	Designated Non-Financial Businesses and Professions
DPRK	Democratic People's Republic of Korea
FI	Financial Institution
FIU	Financial Intelligence Unit
LEA	Law Enforcement Agency
ML	Money Laundering
MLA	Mutual Legal Assistance
MPS	Ministry of Public Security
NRA	National Risk Assessment
PBC	People's Bank of China
PEP	Politically Exposed Person
PF	Proliferation Financing
POC	Proceeds of Crime
PSB	Public Security Bureau
STR	Suspicious Transaction Report
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
UNSCR	United Nations Security Council Resolution

KEY FINDINGS

- China has undertaken a number of initiatives since 2002 that have contributed positively to its understanding of ML/TF risk, although some important gaps remain. Its framework for domestic AML/CFT cooperation and coordination is well established.
- China's decentralized financial intelligence unit (FIU) arrangement consisting of China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC), Anti-Money Laundering Bureau (AMLB), and 36 People's Bank of China (PBC) provincial branches has high potential to produce financial intelligence that supports the operational needs of competent authorities, but its current functioning results in incomplete access by all parts of the FIU to all data, fragmented analysis and disseminations, and limits the development of a holistic view. Therefore, major improvements are needed.
- Law enforcement agencies (LEAs) have access to and use a wide range of financial intelligence throughout the lifetime of an investigation, but financial intelligence is not driving money laundering (ML) investigations. When using financial intelligence, LEAs identify predicate criminal behaviors and actively investigate these. Predicate crime investigation outcomes reflect that China has capable LEAs that are skilled in the investigation of complex financial crime and associated predicate crime. Effective, proportionate, and dissuasive sanctions are available and are applied for ML.
- China has an institutional framework in place to investigate and prosecute TF activities, in line with its understanding of TF risks and in line with its strategy to prevent TF and disrupt TF channels. Since the implementation of a new Counter Terrorism Law in 2015 and related interpretations, the number of TF prosecutions and convictions has increased.
- The implementation of TF and proliferation financing (PF) targeted financial sanctions (TFS) is negatively affected by three fundamental deficiencies, related to (i) scope of coverage of the requirements and a lack of a prohibition covering all persons and entities; (ii) the types of assets and funds of designated entities that can, in practice, be frozen, and the type of transactions that can be prohibited; and (iii) a lack of implementation without delay for non-domestic designations. That said, the Counter Terrorism Law and the relevant PBC Notice are a good starting point for future updates to the legal system in line with revised FATF standards, and to improve effective implementation. While not covered by the FATF standards, authorities have taken measures in relation to other aspects of United Nations Security Council Resolutions (UNSCRs) related to the Democratic People's Republic of Korea (DPRK).
- While financial institutions (FIs) have a satisfactory understanding of their AML/CFT obligations, they have not developed a sufficient understanding of risks. Measures implemented to mitigate risk are generally not commensurate with different risk situations.

- China's AML/CFT supervisory system is almost exclusively focused on the financial sector, as there are no effective preventive or supervisory measures in respect of the designated non-financial businesses and professions (DNFBP) sector. The PBC has an inadequate understanding of risks overall. Although its understanding of risk impacting the financial sector is adequate, its understanding of institution-specific risk seems to be largely based on the FIs' own risk assessment rather than that of the authorities.
- China handles mutual legal assistance (MLA) and extradition requests in accordance with the procedures and standards for approval stipulated by domestic laws, bilateral treaties, and multilateral conventions, but due to a complicated decision-making structure for providing MLA or executing extradition requests, it is often a protracted process. At the same time, China can arrange an expedited procedure for urgent requests or cases. There is an effective cooperation in some areas between China and some of its neighbors; however, there is a lack of data that would establish effective implementation of ML/TF related cooperation.

RISKS AND GENERAL SITUATION

- 1. The main proceeds-generating predicate crimes in China** are illegal fundraising, fraud, trafficking in illicit drugs, corruption and bribery, tax crimes, counterfeiting of products, and illegal gambling.
- 2. China faces a serious threat from terrorism.** From 2011 to 2016, China registered 75 terrorist incidents that killed 545 people. The main conflict area and focus for the authorities is the northwest province of Xinjiang, from where the Eastern Turkistan Islamic Movement operates, but attacks occur throughout China. Around 60 people each year from China have participated as foreign terrorist fighters in Syria and Iraq.²
- 3. With total assets of approximately RMB 252 trillion, banks dominate financial sector activity in China.** Based on the nature of their products/services and volume of activity, they are considered to be highly vulnerable to abuse with respect to ML/TF. China has witnessed a rapid increase in the activity of online lending entities, primarily via mobile phone platforms
- 4. The lack of coverage of DNFBPs by the AML/CFT framework is a significant vulnerability.** The absence of coverage of domestic politically exposed persons (PEPs) is another significant vulnerability, which is particularly noteworthy in the context of a country where corruption is a major predicate offense and state-owned enterprises play a dominant role in the economy.
- 5. A large amount of illicit proceeds flows out of China annually.** As noted in the national risk assessment (NRA), between 2014 and 2016, illicit proceeds totaling RMB 8.64 billion were repatriated to China from over 90 countries. China indicates that illicit proceeds also flow out of the country through underground banking operations. There are several instances in which criminals

² See for example the *Soufan Group Foreign Fighters Update Final 2015* (<http://www.soufangroup.com/foreign-fighters>).

have fled the country, including suspects in corruption cases. The abuse of legal persons has also been identified as a method of laundering illicit proceeds. Such abuse is facilitated, in part, by ineffective arrangements in place for registering and retaining beneficial ownership (BO) information.

FINDINGS ON COMPLIANCE AND EFFECTIVENESS

A. Assessment of Risk, Coordination, and Policy Setting

6. Overall, authorities in China demonstrated a strong understanding of the contents of the NRA, which was finalized just prior to the onsite visit. However, given the focus of the NRA and the activity of LEAs on predicate offenses and the lack of attention to how the proceeds of crime (POC) are actually laundered, beyond those directly implicated in the crime, China's overall understanding of ML risks, while achieved to a large extent, is hampered by such a focus. The assessment of risks of legal entities focuses on existing control measures. The TF assessment contained within the NRA is based mainly on qualitative analysis. The analysis collates information from departments involved in countering terrorism, primarily Ministry of State Security, Ministry of Public Security (MPS), and the PBC, identifying sources and channels of terrorist financing (TF), and identifying the TF threats faced by China.

7. China has demonstrated strong cooperation and coordination at the political and policy-setting levels. China's main mechanism for national coordination and cooperation is the Anti-Money Laundering Joint Ministerial Conference (AMLJMC) established in 2002 and comprising of 23 government departments. The AMLJMC is responsible for guiding the AML/CFT work throughout the country, formulating AML/CFT policies and strategies, and coordinating various departments in conducting AML/CFT activities.

B. Financial Intelligence, and ML Investigations, Prosecutions and Confiscation

8. Provincial and local investigative agencies conduct the majority of ML and predicate offense investigations in China. China's FIU arrangement set up within the PBC mirrors this decentralized approach with the following three largely independently functioning components: CAMLMAC and AMLB at the central level and AML units within each of the 36 PBC provincial branches. While the decentralized FIU in China has the potential to produce financial intelligence that supports the operational needs of competent authorities, the FIU's ability to properly analyze and spontaneously share accurate and timely financial intelligence presents limitations. The analysis and dissemination by the various FIU components prevent the development of a holistic view. Other factors also limit the FIU's ability to properly analyze and share financial intelligence that is relevant for use by law enforcement. First, the suspicious transaction reporting requirements only extend to FIs and their level of implementation is insufficient. Second, other sources of information, such as

information on cross-border currency declarations and BO information, are either limited or nonexistent. Finally, the FIU's operational independence is potentially undermined.

9. LEAs at central, provincial, and local levels access and use financial intelligence and other information to identify and trace proceeds, and to support investigations and prosecutions of predicate offenses, but do so for a limited extent for AML purposes. While LEAs recognize the value of “following the money,” their focus (when developing evidence and tracing criminal proceeds) is on supporting investigations and prosecutions of domestic predicate offenses, as opposed to supporting stand-alone ML and TF investigations more broadly. The use of financial intelligence by LEAs leads to dismantling criminal networks but does not result in an adequate identification of ML operations.

10. The MPS and subordinate public security bureaus (PSB) have responsibility for ML investigations. The Economic Crime Investigation Department is the branch of MPS and PSB which has the lead responsibility for investigating complex financial crime including ML. Within this department, there are skilled and capable investigators who have adequate investigative tools and resources to undertake their function.

11. There are three discrete ML offenses in China. Persons who are proven to have knowledge of the requirement to launder or conceal POC prior to the commission of the predicate crime are routinely prosecuted as ‘accomplices’ to the predicate offense. Self-laundering is not criminalized. Accomplices and self-launderers are convicted and sentenced in accordance with the predicate crime penalty, based on the principle that serious crimes absorb less serious crimes. Authorities reported that the “knowledge” element, that funds or property were derived from crime, presented challenges. A review of ML prosecutions identified that these largely relate to family and close associates of the predicate offenders. On a limited number of occasions, legal persons were prosecuted. The majority of ML convictions in China have been secured under Art. 312 of the Criminal Law. This same article criminalizes the behavior of receiving stolen property. China is of the view that purchasing or acquiring dishonestly obtained property (as opposed to concealment or disguise) constitutes a ML activity. The inability to separate convictions under Art. 312 or to quantify convictions associated with these discrete behaviors has challenged the assessment of effectiveness of the investigation and prosecution of the ML offence.

12. The pursuit of criminal proceeds is a policy objective for China. Criminal proceeds and instrumentality forfeiture routinely occur as part of the sentencing process. China has the ability to confiscate property in the absence of conviction in certain circumstances such as where the criminal has absconded from China or has died.

C. Terrorist and Proliferation Financing

13. Authorities have taken some legal measures that enable the domestic designation of possible terrorists; however, these have not been used since 2012. As with these domestic freezing measures, measures by PBC to require the freezing of UN-designated entities focus mainly on the financial sector and are not effectively implemented. In general, the implementation of TF

and PF TFS is negatively affected by three fundamental deficiencies, related to (i) scope of coverage of the requirements and a lack of a prohibition covering all persons and entities; (ii) the types of assets and funds of designated entities that can in practice be frozen, and the type of transactions that can be prohibited; and (iii) a lack of implementation without delay for nondomestic designations.

14. Authorities have expressed a high-level political commitment to establish a comprehensive legal framework for the implementation of TFS related to PF which is a positive step. While not covered by the FATF standards, authorities have taken measures in relation to other aspects of UNSCRs related to the DPRK. On the other hand, authorities provided insufficient information to establish a degree of implementation of any of the TFS related to Iran.

D. Preventive Measures

15. FIs have a satisfactory understanding of their AML/CFT obligations. They generally have an insufficient understanding of ML/TF risks and apply mitigation measures that are not commensurate with these risks. Online lending institutions have not developed an understanding of ML/TF risks or AML/CFT obligations.

16. FIs apply customer due diligence (CDD) measures ineffectively, with notable weaknesses in customer identification and verification measures including for BO and ongoing due diligence. Considering prevailing risks, FIs do not effectively apply measures for PEPs, TFS, and measures related to countries with high risk. FIs are relatively more successful in implementing measures related to record-keeping, correspondent banking relationships, new technologies, and wire transfers.

17. Inconsistent practices of reporting suspicious transactions by FIs raise the risk of tipping-off. Types of proceeds reported in suspicious transaction reports (STRs) seem inconsistent with the risk environment and are concentrated in the banking sector. The number of STRs reported appears to be modest, considering the size of the financial sector in China. Internal controls of financial groups are often inappropriate for mitigating risks, especially when regulations of host countries prevent access to information.

18. Overall, banks implement preventive measures better than the other FIs, with limited to no implementation of these measures by online lending institutions. DNFBPs generally do not apply such measures. The reporting of suspicious transactions by DNFBPs is virtually nonexistent.

E. Supervision

19. There are some shortcomings in the fit and proper framework in most of the regulated FI subsectors, notably the period of scrutiny for criminal records does not have to go beyond three years. Entry requirements in the online lending sector are basic. A relatively small number of appointments of individuals are revoked each year, which, given the size of the financial sector and corruption as a major threat, seems quite low. In the DNFBP sector, the real estate, dealers in

precious stones, and company service provider sectors are not subject to entry or ongoing criminal background checks.

20. The PBC demonstrates a moderate level of understanding of risk in the financial sector.

Its processes are highly dependent on the correct implementation of the prescribed risk assessment methodology by FIs and their ability to understand ML/TF risk. The quality of control measures is verified using about 20 criteria. Internal control information of uneven content and quality is also received from the sector FI regulators on their own observations on the effectiveness of internal controls applied to ML/TF risks. The online lending sector is not subject to this process. The PBC's level of understanding of risk in the DNFBP sector is low, as little work has been done in this sector.

21. The AML/CFT supervisory system in China is heavily oriented to the financial sector. The PBC's overall ability to require remedial measures to control systems seems generally consistent with the overall risk profile of the financial sector, with an emphasis on banking which presents the highest levels of risk. The level of inspections in the banking sector is not commensurate with the level of risk. Sector supervisors are generally supportive but do not play a major role. There are inconsistencies in the approach used by sector supervisors. Low or no levels of supervision apply in the DNFBP sectors, with sector supervisors or self-regulatory organizations not playing an effective role in supervision.

22. AML/CFT financial penalties applied by the PBC average about RMB 41 million per year (approx. US\$6.02 million per year) based on 2017 statistics. These are not effective, dissuasive, nor proportionate given the size of the banks and other FIs in the financial sector, and the lack of initial responses to remedial measures. No AML/CFT remedial actions or sanctions have been applied to any online lending institutions or to DNFBPs.

23. The PBC has had a moderate impact on FIs compliance and risk management processes.

The sector supervisors play a supportive role, but their impact is lower as they are mostly limited to the assessment of risk controls. There is no discernible impact on the online lending sector as specific AML/CFT requirements are not applicable. In the DNFBP sectors, the PBC and sector regulators have had a low to nonexistent impact up to the time of the onsite. The overall impact of the PBC and sector supervisors' activities on the sectors' understanding of risk and obligations is moderate in the financial sector and low in the DNFBP sector.

F. Transparency and Beneficial Ownership

24. Basic or legal information is collected and publicly available on the internet for all types of legal entities, although the information is not always accurate, and it seems relatively easy to circumvent the registration rules (for example, through straw persons). BO information of legal entities (domestic or foreign) is not (publicly) available in China. Authorities make use of available basic information, CDD information collected by FIs, and law enforcement powers. Each of these sources poses shortcomings and significant challenges, and the combination of measures at the current stage falls short of an effective system for obtaining accurate, adequate and current BO

information in a timely manner. That said, authorities have already initiated plans and measures that may improve effectiveness in the future, including through a BO register at PBC.

25. There is no granular understanding of the ML/TF risks of each type of legal person, and the risk classification that has been produced for the purposes of the NRA focuses on control measures related to technical compliance. The Trust Law provides for the existence of domestic civil trusts. No measures have been taken to mitigate the misuse of domestic trusts, although the current risks of civil trusts are low due to a lack of regulation that would foster the use of these arrangements. Foreign legal arrangements (e.g., foreign trusts) operate in China, such as the legal or beneficial owner of a Chinese legal company. Authorities have been able to detect foreign trusts that operate in China.

G. International Cooperation

26. China has a legal and procedural framework for providing and seeking MLA, which it uses in practice (including for extradition). The complicated procedure of ensuring a request is consistent with Chinese legislation, results in a very lengthy process, although this can be expedited in urgent cases. Feedback from other jurisdictions on China's international cooperation was mixed.

27. Judicial and law enforcement authorities seek international cooperation and legal assistance in a wide range of cases, mostly related to predicate offenses, but very seldom to ML or TF. They use different channels in the efforts to return funds to the country. While China requests detention of terrorists and freezing/confiscation of terrorist financiers' assets overseas, there is room for enhancing MLA and other international cooperation tools.

28. CAMLMAC exchanges information with foreign FIUs. In doing this, it sends requests abroad to a much lesser extent than it receives from foreign FIUs, which is not commensurate with the volumes of STRs analyzed and work undertaken on domestic LEAs' inquiries. Supervisory authorities cooperate in a wide range of information exchange and other forms of cooperation with foreign counterparts.

PRIORITY ACTIONS

The prioritized recommended actions for China, based on these findings, are:

- China should expand the information sources relied upon to formulate its NRA to include broader perspectives of the ML/TF threats, vulnerabilities, and risks it faces, such as academic and international organizations' publications on the subject as well as feedback from foreign jurisdictions. This will allow a more balanced understanding of the ML and TF risks faced by China beyond those directly linked to proceeds generating predicate offenses.
- China should review the functioning of its FIU to ensure that all information received, analyzed, and disseminated by all three FIU components is readily available and accessible both at the

central and provincial levels. This review should include the creation of a database to unify and centralize all components of the current (stand-alone) databases at central and provincial levels. In addition, to ensure the operational independence of the FIU, China should remove the signature of the president of the PBC provincial branch as a condition for dissemination of information to competent authorities.

- The authorities should reconsider the policy, which focuses on pursuit of those involved in predicate crime to combat ML, to include a broader focus to “follow the money” beyond those who are active participants in the predicate crime.
- Authorities should create comprehensive legal frameworks for the implementation of TF- and PF-related TFS that include a general prohibition, extends to all assets of designated entities, and is implemented without delay, with regard to designations by the UN Security Council. In the interim, the PBC should update its existing Notice to address delays in freezing. The existing legal framework for TF and the contemplated law on PF could be instrumental in this regard.
- Shortcomings in the AML/CFT legal framework related to the coverage of online lending institutions, DNFBPs, domestic PEPs, TFS, and the criteria for reporting suspicious transactions should be addressed. Corresponding guidance should be provided as needed.
- China’s attention should focus on (i) the robustness and usefulness of risk assessments of FIs, to ensure that these reflect actual threats and corresponding vulnerabilities exposing these institutions to risk; (ii) the effectiveness of ongoing due diligence, notably the monitoring of transactions; and (iii) the consolidated supervision of financial groups, to ensure a robust management of ML/TF risks by these groups.
- The PBC should introduce an effective system of assessing individual entities' risks and supervising and monitoring DNFBPs (apart from trust companies and dealers in precious metals) for compliance with AML/CFT obligations. In doing so, China should review the strategy and necessity of collaborating with sector supervisors in the DNFBP sectors, given their low level of knowledge about ML/TF risks.
- Authorities should ensure that competent authorities can obtain adequate, accurate and current basic and BO information (beyond legal owner information), in a timely manner. This will require measures that ensure that such information is accurately registered or kept somewhere that is accessible.
- China should pay more attention to the exchange of information in ML/TF cases and increase the number of spontaneous requests sent to foreign counterparts, as a result of its strategic and operational analysis and should, in general, reduce the time taken to respond to foreign requests.

COMPLIANCE AND EFFECTIVENESS RATINGS

Technical Compliance Ratings (C—compliant, LC—largely compliant, PC—partially compliant, NC—noncompliant)

R.1 —Assessing risk and Applying Risk-Based Approach	R.2 —National Cooperation and Coordination	R.3 —Money Laundering Offense	R.4 —Confiscation and Provisional Measures	R.5 —Terrorist Financing Offense	R.6 —Targeted Financial Sanctions—Terrorism and Terrorist Financing
LC	C	PC	C	LC	PC
R.7 —Targeted Financial Sanctions—Proliferation	R.8 —Nonprofit Organizations	R.9 —Financial Institution Secrecy Laws	R.10 —Customer Due Diligence	R.11 —Record-Keeping	R.12 —Politically Exposed Persons
NC	PC	C	LC	C	PC
R.13 —Correspondent Banking	R.14 —Money or Value Transfer Services	R.15 —New Technologies	R.16 —Wire Transfers	R.17 —Reliance on Third Parties	R.18 —Internal Controls and Foreign Branches and Subsidiaries
LC	LC	PC	PC	LC	PC
R.19 —Higher-Risk countries	R.20 —Reporting of Suspicious Transactions	R.21 —Tipping-off and Confidentiality	R.22 —DNFBPs: Customer Due Diligence	R.23 —DNFBPs: Other Measures	R.24 —Transparency and BO of Legal Persons
C	LC	LC	NC	NC	NC
R.25 —Transparency and BO of Legal Arrangements	R.26 —Regulation and Supervision of Financial Institutions	R.27 —Powers of Supervision	R.28 —Regulation and Supervision of DNFBPs	R.29 —Financial Intelligence Units	R.30 —Responsibilities of Law Enforcement and Investigative Authorities
NC	PC	LC	NC	PC	C

Technical Compliance Ratings (C—compliant, LC—largely compliant, PC—partially compliant, NC—noncompliant)

R.31 —Powers of Law Enforcement and Investigative Authorities	R.32 —Cash Couriers	R.33 —Statistics	R.34 —Guidance and Feedback	R.35 —Sanctions	R.36 —International Instruments
C	LC	LC	PC	PC	LC
R.37 —Mutual Legal Assistance	R.38 —Mutual Legal Assistance: Freezing and Confiscation	R.39 —Extradition	R.40 —Other Forms of International Cooperation		
LC	PC	LC	LC		

Effectiveness Ratings (High, Substantial, Moderate, Low)

IO.1 Risk, policy and coordination	IO.2 International cooperation	IO.3 Supervision	IO.4 Preventive measures	IO.5 Legal persons and arrangements	IO.6 Financial intelligence
Substantial	Moderate	Moderate	Low	Low	Moderate
IO.7 ML investigation and prosecution	IO.8 Confiscation	IO.9 TF investigation and prosecution	IO.10 TF preventive measures and financial sanctions	IO.11 PF financial sanctions	
Moderate	Substantial	Substantial	Low	Low	

AUTHORITIES' RESPONSE

China is committed to a strong and comprehensive system to fight against ML/TF and protect the integrity of the financial system.

The report recognizes China has the foundation for a sound system to tackle ML/TF, including a strong understanding of the ML/TF risks, a well-established national coordination mechanism, the effective investigation and prosecution against TF and confiscation of POC, but should strengthen use of financial intelligence, international cooperation, etc.

Since then, China has taken actions to improve the AML/CFT system and its effectiveness, addressing several recommendations of the report:

- On October 26, 2018, the International Criminal Mutual Legal Assistance Law was passed, which improved the MLA system and provided a legal basis for asset confiscation and sharing between China and foreign jurisdictions.
- On October 9, 2018, the PBC, China Banking Regulatory Commission (CBRC), China Securities Regulatory Commission (CSRC), and the State Administration for Foreign Exchange jointly convened the national AML Working Conference for the financial system. The Conference released the key findings of the assessment and required the strengthening of the AML/CFT supervision cooperation within competent authorities and improving the overall compliance and effectiveness of AML work of FIs.
- On September 29, 2018, the PBC, CBRC, and CSRC jointly issued the Measures for the Administration of AML/CFT of Internet FIs, which improved the AML/CFT supervision and obligations of Internet FIs, including online lending institutions.
- From September 2018 to February 2019, the AMLB issued several Guidelines, Measures and Indicators on ML/TF risk assessment and management for FIs, guiding FIs to carry out institutional-level risk assessment.
- The second-generation AML monitoring and analysis system of CAMLMAC began to run online. On the basis of this system, the PBC is enhancing a financial intelligence sharing mechanism among all parts of FIU (AMLB, CAMLMAC, and PBC branches).
- Since the beginning of this year, the LEA has been launching special operations against drugs, underground banks, and organized crimes, etc., focusing on the investigation and prosecution of ML crimes.