

information sharing platform for the financial sector, establishing a credit information sharing system, making the regulatory responsibilities clearly defined, studying the opening of credit services markets, strengthening the improvement of the legal system, developing the standards of the credit information services, carrying out the public education programs on credit information services, strengthening the organization and coordination and so on.

These 10 major tasks were based on some in-depth analysis of social and economic situation and extensive feasibility studies. They are the key to promote the building of the social credit system in China at present and in the future, and will exert great impacts on the establishment and improvement of socialist market economic system, the promotion of financial stability and changes in economic growth modality, the building up of a well-off and harmonious society. So far, some of these 10 main tasks have been completed while others are still ongoing. To those ongoing tasks, the leading units have strengthened their efforts with related institutions according to the working plan.

Based on the experience of establishing the social credit system in the past few years, and in accordance with the institutional and functional adjustments among various ministries of the government, the State Council has adjusted the function of the PBC from “regulating credit extending information service” to “regulating credit information service industry”, adjusted the leading institution of the joint conference from the General Office of the State Council to the PBC, and a dedicated standing office for the joint conference has been hosted in the PBC. The main functions of the joint conference are practiced under the leadership of the State Council, which are coordinating the work of the establishment of the social credit system, formulating major policies and measures, coordinating to solve major issues in the work of establishing social credit system, guiding, supervising and inspecting the implementation of relevant policies and measures, and strengthening the communication and coordination with the local governments. The 18 members of the joint conference are from the National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of Human Resources and Social Security, Ministry of Environmental Protection, Ministry of Housing and Urban –Rural Development, Ministry of Commerce, People's Bank of China, General Administration of Customs, State Administration of Taxation, State Administration for Industry and Commerce, General Administration of Quality Supervision, Inspection and Quarantine, Legislative Affairs Office of the State Council, China Banking Regulatory Commission, China Securities Regulatory Commission, China Insurance Regulatory Commission, State Administration of Foreign Exchange, and Supreme People's Court.

In accordance with the spirit of the approval of the State Council, and after soliciting the opinions of the members of the joint conference, the PBC has established a sound working mechanism for the joint conference, coordinated and cooperated with other ministries to work together in solving major issues in establishing the social credit system, implemented the policies and measures set by the Central Committee of the CPC and the State Council on the establishment of the social credit system in an all-around manner.

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

Continuing Improvement in AML Legal Framework

The PBC organized a series of discussions on further improving criminal law system concerning money laundering with the Committee of Legislative Affairs of the Standing Committee of the NPC, the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, the Ministry of Justice, and the Legislative Affairs Office of the State Council. These discussions covered issues such as extending the scope of legal subjects that ML crime could be applied to, clarifying the methods of conducting ML crime, and legislative proposals or judicial interpretations of the crime of financing terrorism. Corporate criminal liability has been included in Article 312 of *the Draft Amendment 7 to the Criminal Law* submitted by the Committee of Legislative Affairs of the Standing Committee of the NPC. With regard to establishing AML regime in Designated Non-Financial Businesses and Professions, the PBC: 1) reached consensus with the Ministry of Finance on prescribing AML requirements in general regulation of lotteries; 2) finished the draft of AML guidance for payment and settlement sector; 3) initiated researches and consultations with the Ministry of Housing and Urban-Rural Development and the Ministry of Justice on establishing AML regime in real estate sector and legal profession; 4) drafted *The Administrative Measures on Submitting AML Information of Cross-border Transportation of Cash and Bearer Negotiable Instruments (BNIs)* jointly with the General Administration of Customs and State Administration of Foreign Exchange.

Enhancing AML Supervision on Financial Sector

The PBC established an AML supervision framework with on-site and off-site supervision coordinating with each other, made efforts to improve off-site supervision, and strengthened inspections on internal control system of financial institutions in accordance with the changes in the direction and priority of on-site supervision. The PBC also strengthened supervision on cash transactions and international remittance transactions in light of the present economic situation. The AML information management IT system was developed and put into operation nationally in late October 2008. Additionally, efforts were made by the PBC in guiding financial institutions to set up risk-based AML system and in helping its own branches to enhance the efficiency of AML supervision by implementing risk-based AML supervision practices. With the extension of AML supervision to securities and futures sector and insurance sector, the PBC saw to the establishment of AML internal control system and compliance with relevant AML provisions in the two sectors by conducting checks, providing guidance and training.

According to the evaluation of the ML risks of various businesses of financial institutions and on the basis of off-site supervision data, the PBC branch offices carried out special checks on high-risk businesses. In 2008, 5504 financial institutions (headquarters and branches) were checked on-site, among which 304 were fined for non-compliance, and the fines amounted to 8.74 million yuan. More than 60 managerial people held directly accountable for misconducts were also fined. Having all the above done, financial sector is now playing a more efficient role in guarding against money laundering and financing of terrorism, and provides more and more intelligence for criminal investigation.