

Order of the State Council
(No. 631)

The Regulation on the Credit Reporting Industry, as adopted at the 228th session of the executive meeting of the State Council on December 26, 2012, is hereby issued and shall come into force on March 15, 2013.

Premier: Wen Jiabao
January 21, 2013

Regulation on Credit Reporting Industry

Chapter One: General Principles

Article 1 The Regulation on Credit Reporting Industry (the “Regulation”) is formulated to regulate credit reporting activities, protect the legitimate interest of parties concerned, guide and promote the sound development of the credit reporting industry, and advance the establishment of the social credit system.

Article 2 Credit reporting and relevant activities carried out within the territory of the People's Republic of China shall be governed by the Regulation.

For the purpose of the Regulation, the term “credit reporting business” refers to the gathering, organizing, preserving, processing of credit information on organizations such as enterprises and public service units (hereinafter referred to as the “enterprises”) and individuals, as well as distribution of such information to information users.

The data gathering, organizing, preserving, processing and distribution by the Financial Credit Information Basic Database established by the State shall be governed by Chapter 5 of the Regulation.

Government authorities and organizations authorized by laws and regulations for administering public affairs are not applicable to the Regulation when gathering, organizing, preserving, processing and distributing consumer and commercial data to perform the duty in accordance with laws, administrative regulations and regulations of the State Council.

Article 3 Credit reporting business and any other relevant activities should abide by laws and regulations and be in good faith, with no violation of State secrets, commercial secrets and personal privacy.

Article 4 The People's Bank of China (hereinafter referred to as the Regulatory Authority of the State Council on Credit Reporting Industry, CRRA) and its local branches supervise the credit reporting industry in accordance with the law.

Local governments at county level and above and relevant departments of the State Council shall facilitate the development of social credit system in the respective areas and industries in accordance with the law, promote the credit reporting market, and facilitate the development of credit reporting industry.

Chapter Two: Credit Reporting Agencies

Article 5 For the purpose of the Regulation, the term "credit reporting agency" refers to credit reporting entity established in accordance with the law and mainly engaged in credit reporting business.

Article 6 To establish a consumer credit reporting agency, the conditions as prescribed in the *Company Law of the People's Republic of China* and the following conditions should be fulfilled, and the approval by CRRA shall be obtained:

- (1) Major shareholders have good reputation, and free from significant violation of laws and regulations in the preceding three years;
- (2) The registered capital should be no less than RMB 50 million;
- (3) Facilities, equipments, policies and procedures to protect information security as required by CRRA are in place;
- (4) Members of the Board, members of the Board of Supervisors and senior management possess job qualifications as stipulated in Article 8 of the Regulation;
- (5) Other prudential conditions may be stipulated by CRRA.

Article 7 To apply for establishing a consumer credit reporting agency, a written application, documents and files evidencing the fulfillment of requirements as prescribed in Article 6 of the Regulation, and other documentations may be required by CRRA should be submitted to CRRA.

CRRA shall review the application in accordance with the relevant laws, and make decision of approval or denial in writing within 60 working days after acceptance of the application. Operation license for consumer credit reporting business will be issued for the approved one and written explanation will be provided for the denied one.

The approved consumer credit reporting agencies shall register with the company registry against the operation license for consumer credit reporting business.

No organizations or individuals should engage in consumer credit reporting business without the approval of CRRA.

Article 8 Members of the Board, members of the Board of Supervisors and senior management of consumer credit reporting agencies should be familiar with credit reporting related laws and regulations, be competent to perform the duty with due experience and management competence, have no major records of violation of laws and regulations in the last three years, and have obtained the job qualification verified by CRRA.

Article 9 The consumer credit reporting agency shall be subject to the approval of CRRA in case of establishment of any branch offices, merger and spin-off, change of registered capital and change of shareholders who hold more than 5% of the total capital or the total shares.

The change of name of a consumer credit reporting agency shall be filed with CRRA.

Article 10 The establishment of a commercial credit reporting agency should fulfill the conditions as prescribed in the *Company Law of the People's Republic of China*, and file with CRRA within 30 days after being approved by the company registry authority and should provide the following documentation for filing with the local credit reporting regulatory authority:

- (1) Business license;
- (2) Statement of shareholding and organizational structure;
- (3) Basic information on the business scope, operation policies and systems;
and
- (4) Measures on data security and risk prevention.

In the event of any change to the filed documentation, the change must be filed with the original filing authority within 30 days after the change has been made.

Article 11 Credit reporting agencies should report to CRRA regarding its operations of the previous year in accordance with the stipulation of CRRA.

CRRA shall make public announcement of the name list of consumer and commercial credit reporting agencies and update such list in time.

Article 12 In the event of a credit reporting agency is dissolved or declares for bankruptcy, it should report to CRRA and dispose its database in the following ways:

- (1) Transfer the database to other credit reporting agency(s) upon agreement and subject to the approval by CRRA;
- (2) Hand it over to a credit reporting agency designated by CRRA in the case that the transfer as prescribed in the preceding clause fails;
- (3) Destroy the database under the supervision of CRRA if it cannot be transferred or handed over as stipulated above.

In the event of a consumer credit reporting agency is dissolved or declares for bankruptcy in accordance with the law, it should also make public announcement using the media designated by CRRA and return the operation license for consumer credit reporting business to CRRA for cancellation.

Chapter Three: Rules for Credit Reporting Business

Article 13 The consumer credit reporting agencies should obtain the data subject consent before gathering his/her personal information. Personal information should not be gathered without the consent of data subject. This clause does not apply to public information in accordance with laws and regulations.

Information related to the members of the Board, members of the Board of Supervisors and senior management of enterprises as well as his/her duty performance is not considered personal information.

Article 14 Credit reporting agencies are prohibited from gathering information regarding religious belief, genes, fingerprints, blood type, disease and medical history of an individual, and any other information that are prohibited to collect by laws and regulations.

Credit reporting agencies should not gather information regarding the income, savings, negotiable securities, commercial insurance, real estate and tax paid of an individual; except that credit reporting agencies has explicitly informed the data subject of the possible adverse consequence of providing such information, and has obtained the written consent for gathering.

Article 15 Information providers shall inform the data subject prior to provide negative personal information to credit reporting agencies, except the information that shall publicize according to laws and regulations.

Article 16 Credit reporting agencies can keep negative consumer information up to 5 years, starting from the date of termination of the misconduct or event; credit reporting agencies should delete any of the negative information after 5 years.

The data subject may give explanation on the negative information prior to its removal. Credit reporting agencies should keep a record of such explanation.

Article 17 The data subject can inquire credit reporting agencies about its own information. Each individual is entitled to get his/her credit report free of charge twice per year.

Article 18 Any inquiry of consumer information at the credit reporting agencies must obtain the written consent from the data subject and the purpose of data usage agreed upon by information user and data subject, unless otherwise stipulated by laws.

Credit reporting agencies should not distribute personal information to other parties in violation of the preceding clause.

Article 19 In case a credit reporting agency, data provider, or information user obtains the data subject authorization or consent using the form of a standard contract, there should be indications in the contract sufficient enough to call the data subject attention and make clear statement as required by the data subject.

Article 20 The information user should use the consumer data only for the purpose that has been agreed upon by the data subject and should not use the data for any other purpose. The information user should not provide data to any third party without data subject consent.

Article 21 Credit reporting agencies can gather commercial information from data subject, transaction counterparties of the data subject, industry associations, information released by government authorities, court judgments and decisions, etc.

Credit reporting agencies should not gather commercial information that is prohibited to be gathered by laws and regulations.

Article 22 Credit reporting agencies should develop and implement data security policy and procedure, and adopt effective technical measures to ensure data security in accordance with the stipulations of CRRA.

Consumer credit reporting agencies should have specific rules regarding the extent of authority and inquiry procedure for their staff to access consumer data, keep record of each inquiry by their staff, including the staff name, time, content and purpose of the inquiry. The staff should not access information by

violating the specified authority and procedure, or disclose information that is acquired from his/her job.

Article 23 Credit reporting agencies should take reasonable measures to ensure the accuracy of the data provided by them.

Information provided by credit reporting agencies is for the reference of the information user.

Article 24 The organizing, preserving and processing of consumer or commercial data gathered within the territory of the People's Republic of China by credit reporting agencies should take place within the territory of the People's Republic of China.

Any provision of data to foreign organizations or individuals should abide by laws, regulations and relevant stipulations of CRRA.

Chapter Four: Dispute and Complaint

Article 25 The data subject has the right to raise dispute and request for correction in the event he/she finds the data gathered, stored or distributed by credit reporting agencies is erroneous or missing.

Upon receiving the dispute, credit reporting agencies or data providers should label the relevant data in accordance with CRRA's requirements, verify and resolve the dispute within 20 working days after receiving the dispute, and reply to the data subject in writing.

If the verification confirms that there are errors and/or omissions in the relevant data, the data provider and the credit reporting agency should make correction accordingly; otherwise the label of dispute should be removed. If the verification does not confirm whether there are errors and/or omissions, the findings of the verification and content of dispute should be recorded.

Article 26 In case the data subject believes the credit reporting agency, data provider, or information user has infringed on his/her legitimate interest, he/she can file a complaint to the local credit reporting regulatory authority.

The corresponding credit reporting regulatory authority should verify and process the complaints it received in a timely manner and reply to the complainant in writing within 30 days after the acceptance of the complaint.

In case the data subject believes that the credit reporting agency, data provider or information user has infringed on his/her legitimate interest, he/she can file a lawsuit directly with the court.

Chapter Five: Financial Credit Information Basic Database

Article 27 The State establishes the Financial Credit Information Basic Database (hereinafter referred to as Database) to provide information services so as to prevent financial risk and promote the development of financial sector.

The Database shall be constructed, operated and maintained by a professional organization. The professional organization is not for profit and is supervised by CRRA.

Article 28 The Database receives credit information that is submitted by institutions engaged in lending activities according to relevant rules and procedures.

The operator of the Database shall in accordance with the Regulation provide inquiry service for data subjects and information users that have obtained written consent from the data subject. Government authorities may make inquiry in the Database in accordance with laws.

Article 29 Institutions engaged in lending should submit credit information to the Database according to rules.

Written consent of the data subject needs to be obtained before credit information is submitted to the Database. Stipulations on information users as specified by this Regulation shall apply.

Article 30 CRRA together with the relevant financial regulator of the State Council shall develop specific measures in accordance with laws on financial institutions not engaged in lending on providing data to the Database, making inquiry to the Database, as well as the specific method on receiving credit information from such institutions by the Database.

Article 31 The operator of the Database can charge inquiry fee based on the cost reimbursement principle. Charge standard shall be set by the price regulatory authority of the State Council.

Article 32 Of the Regulation, Article 14, 16, 17, 18, 22, 23, 24, 25 and 26 shall apply to the operator of the Database.

Chapter Six: Regulatory Supervision

Article 33 CRRA and its local branches may adopt the following supervisory measures in performing the regulatory and supervisory duties for the credit reporting

industry and the operator of the Database in accordance with laws, administrative regulations and the regulations of the State Council:

- (1) entering into the premises of credit reporting agencies and the operator of the Database for on-site inspection, inspecting the institutions which submit data to or make inquiry in the Database against relevant stipulations in this Regulation;
- (2) asking relevant parties, organizations and individuals to explain on the items inspected;
- (3) accessing and duplicating files and documents related to the items inspected, sealing those that may be transferred, destroyed, concealed or tampered;
- (4) inspecting relevant information system.

There should be no less than 2 inspectors conducting the on-site inspection. Lawful certificate and notice of inspection should be presented.

The organization and individual to be inspected should be cooperative, providing required files and documents truthfully, without any concealment, refusal or impediment.

Article 34 Where immediate actions must be taken in the event that there is a significant data leaking accident happened to consumer credit reporting agencies, the Database or institutions that submit to or inquire in the Database, CRRA may take necessary measures including temporarily take over the information system to avoid further damage.

Article 35 Staff of the credit reporting regulatory authority should guard all State secrets and information of the data subject that have been acquired from his/her job in accordance with relevant laws and regulations.

Chapter Seven: Legal Liability

Article 36 Where consumer credit reporting agencies established or engaged in consumer credit reporting business without CRRA permission, CRRA can revoke such agencies or activities, confiscate illegal gains and impose a fine of RMB 50,000 to RMB 500, 000, and criminal liability shall be pursued according to laws if a crime is constituted.

Article 37 Consumer credit reporting agencies that have violated Article 9 of the Regulation shall be ordered by CRRA to correct within a prescribed time limit, with fines of RMB 20,000 to RMB 200,000; the chief management or other

individuals that have direct responsibility may be subject to a warning or a fine up to RMB 10,000.

Commercial credit reporting agencies that failed to file as stipulated in Article 10 of the Regulation shall be ordered by the credit reporting regulatory authority to correct within a prescribed time limit. Failure to correct within the prescribed time limit shall be subject to the same penalty as prescribed in the preceding clause.

Article 38 In case credit reporting agencies or operator of the Database violates the Regulation with any of the following acts, the credit reporting regulatory authority or its local branches shall impose fines of RMB 50,000 to RMB 500,000 on the agency; of RMB 10,000 to RMB 100,000 on the chief management or other individuals that have direct responsibility; illegal gains will be confiscated if there is any. In case losses are caused to the data subject, civil liability shall be borne. Criminal liability will be pursued according to laws if a crime is constituted:

- 1) stealing or other unlawful gathering of information;
- 2) gathering of personal information that the Regulation prohibits to gather or without the consent of data subject;
- 3) illegal distributing or trading of information;
- 4) data leak due to gross negligence;
- 5) failure to remove personal negative information after the prescribed period;
- 6) failure to verify and resolve disputes in accordance with regulation;
- 7) refusal or impediment of the inspection by the credit reporting regulator authority, or failure to provide required files and documents truthfully; and
- 8) other behaviors violating the rules for credit reporting operation, and infringing the legitimate interest of data subject.

In case a consumer credit reporting agency commits any of the above acts with serious circumstance or consequences, CRRA may revoke its operating license for consumer credit reporting business.

Article 39 In case a credit reporting agency fails to submit its operation report of previous year, credit reporting regulatory authority can order it to rectify its acts within the prescribed time limit and impose a fine of RMB 20,000 to RMB 100,000 on the agency if it fails to correct within the prescribed time limit; the chief manager or other individuals that have direct responsibility may be subject to a warning or a fine of up to RMB 10,000.

Article 40 In case an institution that submits to or inquires in the Database commits any of the following acts, CRRA can order it to rectify its acts within the prescribed time limit and impose a fine of RMB 50,000 to RMB 500,000 on the agency; the chief management and individuals that have direct responsibility may be subject to a fine of RMB 10,000 to 100,000; illegal gains will be confiscated if there is any. In case losses are caused to the data subject, civil liability shall be borne. Criminal liability will be pursued if a crime is constituted:

- (1) illegal distributing or trading of data;
- (2) data leak due to gross negligence;
- (3) unauthorized inquiry of consumer or commercial data;
- (4) failure to resolve the dispute or to correct the erroneous and/or omitted data according to the regulation; and
- (5) refusing and impeding inspection by the credit reporting regulatory authority, or not providing required files and documents truthfully.

Article 41 In case a data provider violates the Regulation to provide negative personal information that are not public according to the laws to credit reporting agencies and the Database without prior notice to the data subject with serious circumstances or consequences, CRRA or its local branches may impose a fine of RMB 20,000 to RMB 200,000 on the agency; and a fine of RMB 10,000 to RMB 50,000 on the individual.

Article 42 In case a information user fails to use the personal information according to the purposes agreed upon by the data subject, or provide personal information to a third party without the consent of the data subject with serious circumstances or consequences been caused, CRRA or its local branches may impose a fine of RMB 20,000 to RMB 200,000 on the agency; the individuals that are responsible are subject to a fine of RMB 10,000 to RMB 50,000. Illegal gains will be confiscated if there is any. In case losses are caused to the data subject, civil liability shall be borne. Criminal liability will be pursued according to laws if a crime is constituted.

Article 43 Staff working in CRRA and its local branches shall be punished according to the law if they are involved with misuse of power, negligence of duty, engaging in fraud, and failure to perform supervisory responsibility, or leak the state secret or information of data subjects. In case losses are caused to the data subject, civil liability shall be borne. Criminal liability must be pursued according to laws if a crime is constituted.

Chapter Eight: Supplementary Provisions

Article 44 The following terms are defined for the purpose of the Regulation:

- (1) “Data provider” refers to entities and individuals providing information to credit reporting agencies, and entities providing information to the Database.
- (2) “Information user” refers to entities and individuals receiving information from credit reporting agencies and the Database.
- (3) “Negative information” refers to the following information that have negative impacts on the credibility of the data subject: information of the data subject’s failure to perform contractual obligations in activities such as borrowing, purchasing on credit, guarantee, leasing, insurance and use of credit cards. Information of administrative penalties on the data subject, information of court judgment or resolution against the data subject and forced execution, and other negative information specified by CRRA.

Article 45 Conditions for the establishment of foreign-invested credit reporting agencies shall be developed by CRRA in conjunction with relevant departments of the State Council and approved by the State Council.

Credit reporting business conducted by foreign credit reporting agencies within the territory of the People’s Republic of China is subject to the approval of CRRA.

Article 46 Any consumer credit reporting agencies that have started operating before the implementation of the Regulation should apply for operation license as specified in the Regulation within 6 months after the implementation of the Regulation.

Any commercial credit reporting agencies that have started operating before the implementation of the Regulation should complete the filing as specified in the Regulation within 3 months after the implementation of the Regulation.

Article 47 The Regulation shall come into effect as of March 15, 2013.