

	Notice of the China Banking and Insurance Regulatory		
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Circular of the China Banking and Insurance
Regulatory Commission on Printing and
Distributing the Three-Year Action Plan for
Improving the Corporate Governance of the
Banking and Insurance Industry (2020-2022)
Yinbaojianfa [2020] No. 40

All bureaus and departments of the China Banking and Insurance Regulatory Commission:

In order to further deepen the reform of corporate governance in the banking and insurance industries, strengthen the supervision of corporate governance, and continuously improve the scientificity, robustness, and effectiveness of corporate governance in the banking and insurance industries in my country, the Three-Year Action Plan for Improving Corporate Governance in the Banking and Insurance Industries (2020-2022)" is issued to you, please implement it conscientiously.

August 17, 2020

(This document is sent to the branch of the China Banking and Insurance Regulatory Commission)

Three-Year Action Plan for Improving Corporate Governance in the
Banking and Insurance Industries
(2020-2022)

In order to thoroughly implement the spirit of General Secretary Xi Jinping's important speech on promoting the reform of corporate governance in the financial industry, resolutely win the battle of preventing and defusing financial risks, continue to deepen financial

reforms, promote my country's banking and insurance industries to further strengthen the party's leadership, and learn from international advanced experience, Effectively improve the quality and efficiency of corporate governance and formulate this action plan.

1. General requirements

(1) Guiding ideology. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 19th National Congress of the Party, the Second, Third, and Fourth Plenary Sessions of the Nineteenth Central Committee, the Central Economic Work Conference, and the National Financial Work Conference, and enhance the "four consciousnesses", Strengthen the "four self-confidences", achieve "two safeguards", insist on strengthening the party's leadership over financial work, insist on improving the modern financial enterprise system, adhere to the combination of learning from international good practices and based on China's national conditions and industry realities, and strive to standardize governance entities We will strive to make up for the shortcomings of the regulatory system, focus on improving the system and mechanism, and focus on optimizing the external environment, so as to continuously improve the scientificity, soundness and effectiveness of corporate governance in China's banking and insurance industries.

(2) Basic principles.

One is to adhere to the problem orientation. Focus on the most prominent and urgent corporate governance issues or hidden dangers in the current banking and insurance industries that are most likely to affect the stable operation of institutions, make real efforts and implement practical measures, and promote substantive progress in problem rectification.

The second is to insist on treating both symptoms and root causes. Efforts should be made to solve the problems existing in the corporate governance of some institutions, continue to further rectify the market chaos, and at the same time comprehensively sort out the current corporate governance regulations, make up for the shortcomings of the system as soon as possible, improve the corporate governance supervision ability, and consolidate the system and mechanism foundation for the sound operation of corporate governance in the industry.

The third is to insist on classified policies. Fully consider the characteristics of different types of institutions, recognize and respect the diversity and differences of corporate governance, and explore the establishment of differentiated and targeted corporate governance supervision strategies.

The fourth is to insist on overall planning and promotion. Fully understand the integrity and synergy among the various elements of corporate governance, and focus on improving all aspects of corporate governance. In accordance with the principle of urgent needs first and

gradual advancement, the work tasks will be reasonably arranged and scientifically assigned during the three-year action period.

(3) Overall goals. Strive to promote my country's banking and insurance industry to further uphold and strengthen the party's leadership through three years of hard work, take the lead in implementing the "G20/OECD Corporate Governance Principles", and initially establish a corporate governance mechanism for the banking and insurance industry with Chinese characteristics .

2. Promoting the organic integration of party leadership and corporate governance

General Secretary Xi Jinping emphasized that adhering to the party's leadership over state-owned enterprises is a major political principle that must be followed consistently; establishing a modern enterprise system is the direction of state-owned enterprise reform and must be followed consistently. It is necessary to integrate the party's leadership into corporate governance to further institutionalize, standardize, and proceduralize, promote the party organizations of state-owned and state-controlled institutions to play a leading role, and set the direction, manage the overall situation, and ensure implementation.

In 2020, we will further clarify and strictly implement the specific requirements for the integration of party leadership into corporate governance. In the comprehensive assessment of corporate governance of state-owned and state-controlled banking and insurance institutions, the focus is on the integration of party leadership and corporate governance. Promote state-owned and state-controlled institutions, especially relevant small and medium-sized institutions, to further improve the company's articles of association in light of the spirit of the latest central document, specifying important matters such as the party organization's responsibilities, institutional settings, operating mechanisms, and basic guarantees; improve "two-way entry, crossover Members of the party committee who enter the board of directors, board of supervisors and senior management must strictly implement the decisions of the party organization; formulate and improve the list of major business management issues that the party committee pre-researches and discusses based on the actual situation of the organization, and major business management issues must be studied by the party committee After discussion, a decision is made by the board of directors or senior management.

In 2021 and 2022, we will continue to explore ways and paths to improve the organic integration of party leadership and corporate governance. Research and improve the communication mechanism between the party organization and the board of directors and board of supervisors of state-owned and state-controlled institutions. Explore the organic integration of party leadership and corporate governance as an important content of the evaluation of the performance of directors, supervisors and senior executives who are members of the party committees of relevant

institutions. Further improve the relevant evaluation indicators for the integration of party leadership and corporate governance and moderately increase the weight. Promote the strict implementation of democratic centralism by party organizations in relevant institutions, resolutely punish and prevent corruption, and actively support workers' congresses and trade unions to carry out their work in accordance with the law.

3. Conduct a comprehensive assessment of corporate governance

In 2019, the China Banking and Insurance Regulatory Commission issued the "Measures for the Supervision and Evaluation of Corporate Governance of Banking and Insurance Institutions (Trial)", establishing a normalized corporate governance evaluation mechanism. In the future, we must continue to do a good job in the evaluation work, gradually improve the evaluation mechanism, and give full play to the leading role of corporate governance evaluation in improving corporate governance in the industry. Through the assessment, timely and accurately grasp the corporate governance situation of the industry, promote institutions to improve the weak links of corporate governance, and improve the quality and efficiency of corporate governance.

In 2020, ensure that the first comprehensive assessment of corporate governance of banking and insurance institutions achieves actual results. It is necessary to effectively strengthen the overall balance and organizational guarantee of the evaluation work, consolidate evaluation responsibilities, strictly control evaluation standards, strengthen accountability and punishment, make appropriate disclosures, and promote problem rectification. It is necessary to combine corporate governance assessment with the ongoing reform and reorganization of small and medium-sized banks and insurance companies, risk disposal, etc., and take assessment as an important starting point for improving the quality and efficiency of supervision.

In 2021, we will focus on the application of evaluation results and the rectification of difficult problems. It is necessary to link the evaluation results of corporate governance with innovation pilots, business access, capital utilization, branch establishment, etc., to ensure that the evaluation results are effectively used, and to effectively increase the organization's emphasis on improving corporate governance. Supervise and urge institutions to strictly formulate rectification ledgers, implement rectification plans, and promote the rectification of difficult issues to achieve substantive progress.

In 2022, we will focus on improving the evaluation system and improving the evaluation working mechanism. It is necessary to promptly summarize the experience and lessons learned in the corporate governance evaluation work in the past two years, further revise the corporate governance evaluation system, and improve the corporate governance evaluation index system. Strengthen the connection between corporate governance assessment and commercial bank regulatory ratings, insurance

company solvency supervision and other work, and effectively improve the effectiveness of supervision.

4. Standardize the behavior of shareholders

Unclear equity relationship and shareholder anomie are the root causes of the chaos in the banking and insurance market in recent years. It is necessary to make great efforts to further rectify outstanding problems such as false capital quality, unclear equity relationship, and improper shareholder behavior, improve the system and mechanism for shareholder equity management, promote a clear equity structure and standardized shareholder behavior, and effectively protect the legitimate rights and interests of small and medium shareholders.

In 2020, we will further rectify the chaos of equity and related transactions, and at the same time focus on improving the behavioral restraint mechanism of major shareholders. It is necessary to put the special rectification work of equity and related transactions in a prominent position, impose strict requirements, speed up breakthroughs, and punish according to law. Focus on the special rectification "look back" work, consolidate the results of the previous special rectification work, and further investigate and rectify false capital injections, circular capital injections, invisible shareholders, illegal proxy holdings, illegal concerted action persons, improper intervention by shareholders, and transfer to shareholders in accordance with the principle of penetration. Profit and other deep-seated high-risk issues, and strictly implement problem rectification. It is necessary to strengthen the behavioral norms of major shareholders, especially controlling shareholders, and clarify that major shareholders must not exceed their authority to interfere with the performance of their duties by the board of directors and senior management of the organization, and effectively prevent major shareholders from manipulating and plundering the company. Establish a nationally unified record of poor equity management of investors in banking and insurance institutions, and disclose to the public a group of shareholders who have seriously violated laws and regulations for the first time to strengthen the deterrent effect. Promote the centralized custody of commercial bank equity, and improve the transparency of equity structure. Strengthen communication with the investors of state-owned financial institutions, promote the further improvement of the way investors exercise their rights, optimize the proportion of equity directors, and improve the professional level of equity directors.

In 2021, we will focus on improving the protection mechanism for the rights and interests of small and medium-sized shareholders, and promote the rectification of shareholders' equity stock issues. It is necessary to establish a communication and consultation mechanism for small and medium-sized shareholders, and support shareholders in carrying out legitimate communication and consultation in exercising their basic rights. Establish and improve the communication and dialogue mechanism between shareholders, especially small and medium-sized shareholders, and

institutions, and support shareholders to ask institutions about their major concerns. Improve the convenience of small and medium shareholders to participate in the general meeting of shareholders. Establish a normalized mechanism for the disclosure of shareholders in violation of laws and regulations in banking and insurance institutions, and continue to strengthen the deterrence of violations of laws and regulations. Explore and improve specific ways and mechanisms for shareholders to bear losses. Continue to do a good job in the special rectification of equity and related transactions, accelerate the rectification of key and difficult issues, improve weak links as soon as possible, and promote the resolution of existing risks.

In 2022, further explore and improve the shareholder governance mechanism of banking and insurance institutions. Combined with the work situation of the special rectification of equity and related transactions in recent years, some effective practices have been consolidated into systems. Actively pay attention to the participation of institutional investors in corporate governance, and promote institutional investors to proactively disclose investment-related corporate governance and voting policies. Research and improve the trading rules for equity mergers and acquisitions in the banking industry and the insurance industry, as well as the mechanism arrangements for the control market.

V. Improving the quality and efficiency of performance of governance bodies such as the board of directors

The standard performance of duties by the board of directors, the board of supervisors and the senior management is a concentrated expression of a good corporate governance structure. In recent years, supervision has found that in some institutions, directors dare not, cannot, or are unwilling to perform their duties, senior management is offside, absent, or misplaced, and the supervisory board does not perform its supervisory functions adequately. In the future, efforts should be made to strengthen the code of conduct for directors, supervisors, and senior executives of institutions to perform their duties, enhance the independence and professionalism of the board of directors, clarify and implement the responsibilities of the senior management, and study and implement the functions of the board of supervisors.

In 2020, we will focus on standardizing the performance of directors, supervisors and senior executives. It should be further clarified that all directors, including equity directors, should treat all shareholders fairly. Improve the evaluation criteria for the performance of directors and supervisors, improve the application of evaluation results, strengthen the supervision, evaluation and inspection of the performance of directors, supervisors and senior executives, and promptly correct the offside and absence of relevant governance entities. Deepen the reform of qualification licensing for directors, supervisors, and senior executives of insurance institutions, and further enhance the professional level requirements for the chairman of the board of directors and other directors of insurance institutions. In the process of new establishment,

reform and reorganization of local legal person institutions, the professional quality of directors, supervisors and senior executives shall be strictly checked. Improve the information protection mechanism for the performance of directors and supervisors, and encourage directors and supervisors who cannot obtain the information necessary for normal performance of duties to report the situation to the regulatory authorities. Establish and improve the regular communication mechanism between supervisory departments and institutional directors and supervisors, and explore the regular communication mechanism between supervisors and independent directors. Supervise and urge institutions to strictly implement supervisory regulations such as job exchange and recusal from performance of duties.

In 2021, we will focus on improving the operating mechanism of the board of directors, the board of supervisors and the senior management. Improve the nomination and appointment mechanism of directors, promote the cumulative voting system, expand the scope of selection and appointment of equity directors and independent directors, and effectively change the current situation that some directors are controlled by major shareholders or insiders. Give full play to the role of industry self-regulatory organizations such as banking associations and insurance associations, promote the establishment and improvement of independent director talent pools, and expand the sources of independent directors. Further clarify the principle and management mechanism of the board of directors' authorization to the senior management, and promote the senior management to independently carry out work and assume responsibilities within the scope of the company's articles of association and the authorization of the board of directors.

In 2022, we will further promote the establishment and strict implementation of high standards of professional ethics, and continue to optimize the working mechanism of each governance body. Supervise directors, supervisors and executives of institutions to follow high standards of professional ethics. Under the framework of the company law, further study and optimize the structure and working mechanism of the board of directors and the board of supervisors, so that the strategic decision-making of the board of directors and the supervisory role of the board of supervisors can be fully reflected, and the management behavior of the senior management should be effectively kept in line with the development strategy and risk preference of the organization. Promote the construction of a market-oriented system for selecting and hiring professional managers.

6. Improve the incentive and restraint mechanism

The incentive and restraint mechanism is the baton of the organization's operation and management. In recent years, the evaluation mechanism of some institutions has an obvious short-sighted tendency. The salary distribution is too inclined to the business department. The salary of senior executives does not match the risks and responsibilities assumed by them. develop. Efforts should be made to build an incentive

and restraint mechanism that balances risks and benefits, pays equal attention to long-term and short-term, and has both spirit and material. Firmly establish the concept of "Party building is productivity, anti-corruption is productivity, and management is productivity", and adhere to the integrated incentives for party affairs, risk management, internal control and internal audit personnel.

In 2020, we will focus on promoting the strict implementation of relevant regulations on performance appraisal and salary management by banking and insurance institutions. Supervise and urge institutions to set indicators such as risk compliance and consumer rights protection in strict accordance with regulatory regulations and give them reasonable weights, determine the salary structure in strict accordance with the requirements, and implement deferred payment. Research and refine the supervisory rules for deducting executive compensation after risk losses of banking and insurance institutions are incurred and implement them strictly.

In 2021, we will focus on improving the compensation mechanism and internal auditing mechanism. Urge banking and insurance institutions to strictly guarantee the reasonable treatment of personnel involved in party affairs, risk management, internal control and internal audit, and effectively change the current situation of excessive incentives for business departments by some institutions and unreasonable distribution of front, middle and back office salaries. Research and formulate medium- and long-term incentive norms and guidelines, promote the improvement of executive compensation structure, strengthen investigation and research on employee stock ownership issues, and standardize the pilot program of employee stock ownership. Further improve the internal audit work system and mechanism, and promote good practices such as internal audit and reporting to the chairman of the board of supervisors.

In 2022, further explore diversified incentive and constraint methods. Continuously improve the market-based salary system and other incentive methods, such as stock options, training opportunities, and the amount of public welfare donations for executives. Give full play to the advantages of the socialist system, and promote the strengthening of the role of non-material rewards such as honorary titles in state-owned and state-controlled institutions.

7. Strengthen the protection of the rights and interests of stakeholders

International good practice in corporate governance shows that a company's competitiveness and ultimate success are the result of joint contributions from investors, employees, creditors, customers, suppliers, and other stakeholders. At present, some banking and insurance institutions have a weak awareness of the protection of the rights and interests of stakeholders, and the protection of the rights and interests of consumers, employees and other stakeholders is not in place. The next step is to continuously improve the working mechanism for the protection

of the interests of stakeholders in banking and insurance institutions, and encourage stakeholders to make positive contributions to the long-term success of the institution.

In 2020, we will focus on deepening the awareness of protecting the rights and interests of stakeholders of banking and insurance institutions. Guide institutions to face up to and pay attention to the opinions and suggestions of consumers, employees, creditors, suppliers and other aspects. Guide and supervise institutions to treat consumers fairly, and establish and improve decision-making implementation and supervision mechanisms for consumer rights protection. Promote institutions to implement the requirements of corporate democratic management, support and ensure that employees participate in corporate governance in an orderly manner in accordance with the law.

In 2021, further improve the protection mechanism for the rights and interests of stakeholders. Supervising institutions will respect and safeguard the legitimate rights and interests of stakeholders, especially consumers, and integrate them into corporate culture and development strategies. Support and protect consumers, employees, small and medium shareholders and other stakeholders to report violations of laws and regulations or violations of professional ethics to the board of directors of institutions and regulatory authorities. Research and improve the working mechanism of employee supervisors in institutions.

In 2022, explore and improve the employee director system, and study the bankruptcy system and creditor rights protection system applicable to banking and insurance institutions.

8. Strengthen external market constraints

External market constraints are an important part of modern corporate governance. In recent years, a series of financial fraud incidents have profoundly demonstrated the importance and urgency of strict information disclosure. It is necessary to take practical measures to improve the external restraint mechanism, further standardize external audit behavior, improve the quality of information disclosure, and better play the role of the media, the market, and the public in supervising institutions.

In 2020, we will focus on strengthening the regulation of the external audit work of institutions. Research and formulate measures for the prudential supervision of accounting information quality in the banking and insurance industries. Further strengthen the professional requirements for the independence, objectivity, and prudence of external audit institutions, promote the independence and professionalism of the board of directors of institutions in the selection and appointment of external audit institutions, and clarify the management functions of the audit committee of the board of directors for the quality of external audit. Establish and improve the work linkage mechanism between regulatory authorities and external audit institutions.

In 2021, we will focus on improving the regulatory requirements for information disclosure in the banking and insurance industries. Further improve information disclosure standards, optimize information disclosure content, and effectively enhance the pertinence and effectiveness of information disclosure. Strengthen the disclosure of the operation of corporate governance in the industry, and further enhance the effect of supervision by public opinion. Support industry self-regulatory organizations such as banking associations and insurance associations to play an active role in regulating and promoting good corporate governance.

In 2022, we will focus on strengthening the daily supervision of the quality of information disclosure. Strengthen the supervision, inspection, punishment and public notification of accounting information quality, effectively improve the disclosure quality of institutional accounting information and other non-financial information, and ensure that shareholders and other stakeholders obtain sufficient, reliable and comparable information in an equal, timely and low-cost manner .

9. Improving regulatory effectiveness

It is a global consensus to strengthen the supervision of corporate governance of financial institutions. International organizations such as the Basel Committee on Banking Supervision and the International Association of Insurance Supervisors have clarified the regulatory requirements for corporate governance in their regulatory core principles documents. In the next step, it is necessary to speed up making up for the shortcomings of my country's banking and insurance corporate governance supervision systems, improve the corporate governance supervision system and mechanism, improve the level of corporate governance supervision informatization, and effectively enhance the quality and efficiency of corporate governance supervision.

In 2020, we will focus on promoting the construction of corporate governance supervision systems and information systems. Research and formulate a corporate governance regulatory system construction plan, and start to establish a unified and coordinated corporate governance regulatory system for the banking and insurance industries. Research and formulate unified corporate governance regulatory guidelines for banking and insurance institutions, and integrate and improve corporate governance regulatory requirements for banking and insurance institutions. Research and formulate measures for evaluating the performance of directors and supervisors of banking and insurance institutions, and strengthen the standards for the performance of directors and supervisors. Research and formulate a regulatory system for the behavior of major shareholders of banking and insurance institutions, and focus on regulating the behavior of major shareholders, especially controlling shareholders. Revise the "Administrative Measures for Related Transactions between Commercial Banks and Insiders and Shareholders", "Administrative Regulations on the Qualifications of Directors, Supervisors and Senior Managers of Insurance Companies" and other systems

to enhance the timeliness of relevant regulations. It is necessary to focus on promoting the construction of three corporate governance supervision information systems: corporate governance assessment, equity supervision, and related party transaction supervision, and effectively improve the informatization level of corporate governance supervision.

In 2021, we will focus on improving the corporate governance supervision mechanism, and explore and improve differentiated supervision. Research and improve the horizontal and vertical coordination mechanism of corporate governance supervision, and further promote the clarity of corporate governance supervision rights and responsibilities, coordination and efficiency, and standardized operation. Strengthen the construction of corporate governance supervision teams of local small and medium-sized legal person institutions such as urban commercial banks and rural commercial banks, and improve the professional level of corporate governance supervision of small and medium-sized institutions. Continue to strengthen system construction, refine the equity supervision measures of banking and insurance institutions, optimize the operating rules of the board of directors, and improve the supervision and regulation of information disclosure and salary assessment. According to the needs of regulatory work, within the basic regulatory framework of corporate governance of banking and insurance institutions, research and formulate or improve the regulatory rules for corporate governance applicable to different types of institutions in a timely manner, and strengthen differentiated regulation. Incorporate corporate governance of policy-based financial institutions into the overall reform framework of policy-based financial institutions. Learn from international good practices and further improve the corporate governance requirements for insurance groups.

In 2022, we will focus on strengthening exchanges and cooperation at home and abroad, and continue to improve the ability and level of supervision work. Establish a communication mechanism with international organizations such as the OECD and relevant academic institutions at home and abroad. Actively participate in the corporate governance supervision of international organizations such as the Financial Stability Council, the Basel Committee on Banking Supervision, and the International Association of Insurance Supervisors. Strengthen overseas exchanges and studies, and invite international experts to come to China to exchange views on corporate governance and supervision of banking and insurance institutions. Continue to check for deficiencies and make up for omissions, and formulate or revise corporate governance supervision and evaluation measures, independent director management measures, and other corporate governance regulatory regulations. Continue to optimize the corporate governance supervision information system.

10. Strengthening Organizational Guarantee and Responsibility

Improving corporate governance in the banking and insurance industries involves a wide range of areas, a heavy workload, tight time constraints, and high difficulty. It requires the concentration of

system-wide regulatory resources, pooling wisdom and efforts, and jointly promoting the realization of goals.

(1) Unify thinking and understanding. Regulatory departments at all levels should take in-depth study of the spirit of General Secretary Xi Jinping's important speech on promoting the reform of corporate governance in the financial industry as the primary task of implementing the three-year action plan, and consciously maintain ideological, political, and action consistency with the Party Central Committee with Comrade Xi Jinping at the core. highly consistent. It is necessary to fully understand the significance of improving corporate governance in the industry to win the battle to prevent and defuse major financial risks and build a well-off society in an all-round way, and earnestly enhance the sense of responsibility, mission, and urgency for improving corporate governance in the banking and insurance industries.

(2) Strengthen organizational guarantees. The Corporate Governance Supervision Department of the China Banking and Insurance Regulatory Commission is responsible for the interpretation and overall implementation of this action plan. Regulatory departments at all levels shall implement their own work responsibilities separately. They shall integrate relevant content and key points into the annual key tasks, establish task ledgers in strict accordance with this action plan, and decompose related work into departments and individuals, so as to consolidate regulatory responsibilities and institutional improvements for the company. The main responsibility of governance, and regularly summarize and report the progress of the work according to the unified deployment.

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