

Mainland China

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1. Fintech regulatory framework: a summary of the most relevant laws and regulations concerning fintech and financial innovation.

Following the recent consolidation of China's financial regulatory architecture, China has further advanced the institutionalisation of its financial technology regulatory framework. Recent reforms demonstrate regulators' efforts to consolidate functional and behavioural supervision, strengthen financial infrastructure governance, and enhance data and compliance standards across the financial sector.

Key updates on financial regulatory reform

In October 2025, the State Council issued the *Report on the Work of the Financial Sector* (国务院关于金融工作情况的报告), the first systematic summary of China's financial supervision reform under the 'one bank, one bureau, one commission' framework – consisting of the People's Bank of China (PBOC), the National Administration of Financial Regulation (NAFR) and the China Securities Regulatory Commission (CSRC). The reformed framework continues to apply the concepts of behavioural and functional regulation, emphasising penetrating, coordinated and continuous supervision to prevent systemic financial risks. It also announced legislative plans for the Financial Stability Law (金融稳定法) and the Financial Law (金融法), laying the foundation for fintech to be integrated into a unified legal system.

In March 2025, NAFR, the Ministry of Science and Technology, and the National Development and Reform Commission jointly issued the Implementation Plan for High-Quality Development of Technology Finance in Banking and Insurance Sectors (银行业保险业科技金融高质量发展实施方案). The plan aims to direct more financial resources towards technological innovation, promote the integration of technology and industry, and encourages banks to embed artificial intelligence (AI)-driven digital risk-control tools into their technology-finance business processes.

In May 2025, seven ministries – including the PBOC, NAFR and CSRC – jointly released the Policy Measures to Strengthen the Technology-Finance System for Self-Reliance (加快构建科技金融体制有力支撑高水平科技自立自强的若干政策举措). This comprehensive policy sets a five-year goal to build a technology-finance service system, support banks in establishing specialised tech-finance branches, improve risk management and safe-harbour mechanisms, and enhance financial services for technology enterprises. It is widely regarded as the flagship fintech policy framework for the coming years.

Payments and financial infrastructure

Following the Regulations on Non-Bank Payment Institutions (非银行支付机构条例) that took effect on 1 May 2024, PBOC issued the Implementation Rules on the Regulations on Non-Bank Payment Institutions (非银行支付机构监督管理条例实施细则) on 9 July 2024. The rules refine licensing and operational requirements, strengthen consumer protection, clarify supervisory responsibilities and set transitional arrangements for existing market participants.

On 1 October 2025, PBOC and CSRC jointly brought into force the Financial Infrastructure Supervision and Administration Measures (金融基础设施监督管理办法), which for the first time establish a unified regime for the establishment, operation, supervision and exit of financial

market infrastructures. The new framework aims to build a secure, efficient and standardised system to safeguard financial market stability and long-term development.

Data security and cross-border data flows

Regarding in data governance, NAIR issued the Administrative Measures for Data Security of Banking and Insurance Institutions (银行保险机构数据安全管理办法) (effective 27 December 2024), which require financial institutions to set up centralised data security departments and file annual risk assessment reports. The PBOC followed with its Measures for Data Security Management in the Operational Domain of the PBOC (中国人民银行业务领域数据安全管理办法) (effective 30 June 2025), introducing a three-tier classification standard and the principle that ‘those who manage the business also manage the data and security’. At the same time, the Regulations on Promoting and Regulating Cross-Border Data Flows (促进和规范数据跨境流动规定) came into full implementation in March 2024, streamlining security assessment and standard contract filing procedures for cross-border data transfers.

Anti-money laundering (AML)

The revised Anti-Money Laundering Law (反洗钱法), effective 1 January 2025, expanded the scope of obliged entities to payment institutions, online lending platforms and virtual asset service providers (VASPs). It requires customer due diligence, transaction monitoring and suspicious activity reporting, and strengthens cross-border information-sharing with foreign regulators. This is the first comprehensive amendment since 2006, and aligns China’s AML framework with the technological developments in digital finance.

2. Regulations on crypto assets: a summary of the legal framework regarding crypto assets and how they are regulated.

According to the *Notice on Further Preventing and Dealing with Speculation Risks in Cryptocurrency Trading* (关于进一步防范和处置虚拟货币交易炒作风险的通知, ‘Notice on Cryptocurrency Trading’) issued by the PBOC and ten other regulators in September 2021, cryptocurrencies are not recognised as legal tender in China and may not circulate as currency. Nonetheless, the Minutes of the National Court Financial Trial Work Conference (Draft for Comments) (全国法院金融审判工作会议纪要 (征求意见稿)) – an internal draft circulated by the Supreme People’s Court in 2022 – indicated that virtual currencies, while not lawful means of payment, may constitute private property protected under the People’s Republic of China (PRC) Civil Code. Holding cryptocurrencies per se does not violate PRC law, but trading and exchange activities remain strictly prohibited.

In parallel, PBOC continues to advance the digital yuan (e-CNY) pilot as China’s central bank digital currency (CBDC), which coexists with but is entirely distinct from private crypto assets. The e-CNY initiative aims to enhance payment efficiency and financial inclusion under a fully regulated monetary framework, reinforcing the principle that digital innovation in China must operate within a state-supervised and risk-controlled financial system.

3. Payment service providers and digital wallets: a summary of regulations applying to payment service providers and/or digital wallets.

As noted in section 1, China's non-bank payment industry is now regulated under the Regulations on Non-Bank Payment Institutions and their Implementation Rules, which together constitute the first State Council-level framework governing this sector. The new regime introduced by PBOC provides comprehensive lifecycle supervision over the licensing, operations and governance of payment institutions.

Building on that framework, current supervision focuses on strengthening prudential requirements and consumer protection. Payment institutions must maintain sufficient registered capital and liquidity, establish independent compliance, risk management and technology-security functions, and ensure senior management accountability. Material corporate changes – such as mergers, controlling-shareholder adjustments or cross-regional expansion – are subject to PBOC approval, ensuring transparency and effective oversight.

In the digital wallet and mobile payment space, regulators continue to emphasise data security and user protection obligations consistent with the Administrative Measures for Data Security of Banking and Insurance Institutions. For cross-border payment services, offshore providers are required to obtain domestic licences, while detailed implementing rules remain pending under the Regulations on Non-Bank Payment Institutions.

Overall, the 2024 framework consolidates the PBOC's central supervisory role and underscores a risk-based approach to sustaining financial stability and consumer confidence in China's rapidly evolving digital payments ecosystem.

4. Special support for fintechs: a description of special programmes supporting the fintech ecosystem, fintech startups (eg, regulatory sandboxes and accelerator programmes) and regulations regarding special support.

China's FinTech Innovation Regulatory Pilot Programme (金融科技创新监管试点) – commonly known as China's 'regulatory sandbox' – was launched by PBOC in December 2019. The programme aims to provide a controlled environment for financial institutions and technology companies to test innovative products while safeguarding financial stability and consumer rights. According to the *Implementation Report on the Operation of the FinTech Innovation Regulatory Tool (2022–2024)* issued by the National FinTech Risk Monitoring Centre, more than 250 innovation projects have entered the sandbox nationwide, with 162 successfully completing testing and moving into commercial application.

In parallel, CSRC has expanded fintech initiatives within the capital markets domain. At an industry forum held in October 2025, CSRC Vice Chair Li Chao announced a dedicated pilot on 'AI + Capital Markets', focusing on integrating AI into high-value business scenarios such as investment research, risk management and client services, while strengthening risk control, data security and human oversight. These developments mark the evolution of China's sandbox and regtech framework toward sector-specific innovation pilots and AI-enabled supervision, reflecting a regulatory principle that balances inclusiveness for innovation with systemic risk prevention.

5. Open banking: a summary of regulations regarding open banking and direct or indirect regulations that affect open banking.

China has not yet established a legislative framework comparable to the open banking regimes implemented in jurisdictions such as the European Union or the United Kingdom. Instead, its regulatory approach centres on secure and risk-controlled financial data sharing guided by administrative standards and voluntary participation by licensed institutions. The Security Management Standards for APIs of Commercial Banks (JR/T 0185-2020, 商业银行应用程序接口安全管理规范) set technical and procedural requirements for the design, deployment and maintenance of bank application programming interfaces (APIs), including encryption, identity authentication and access control mechanisms. These standards provide a unified baseline for data exchange between banks and authorised third-party service providers.

Further, the Administrative Measures for Data Security of Banking and Insurance Institutions (银行保险机构信息科技外包风险监管办法), issued in 2021, require banks and insurers to establish centralised data security departments, conduct regular risk assessments and strengthen oversight of data-processing activities, particularly when outsourcing or transferring data across borders. Together, these instruments form the backbone of China's 'security-centred' model of financial data governance, one that prioritises financial stability, consumer protection and data localisation over market-driven data portability.

6. Regulation of virtual asset service providers.

China does not have specific legislation governing virtual assets or VASPs. Instead, a series of ministry-level notices – most notably the Notice on Cryptocurrency Trading jointly issued by the PBOC and other authorities in September 2021 – establish a de facto prohibition regime on cryptocurrency-related business activities. These measures aim to safeguard financial stability, protect investors, and prevent financial crimes such as money laundering and unauthorised cross-border asset transfers.

Under the Notice on Cryptocurrency Trading, China treats cryptocurrency-related activities as illegal financial operations rather than legitimate market conduct. The prohibition extends to a wide range of activities, including cryptocurrency exchange, token issuance and financing, cryptocurrency-related derivatives trading, and intermediary or pricing services that facilitate such transactions. Cryptocurrency-related mining activities have also been explicitly curtailed in line with broader energy and risk-control objectives. Together, these measures reflect a consistent regulatory position that cryptocurrency cannot function as financial instruments within the domestic market.

The Notice on Cryptocurrency Trading further introduces extraterritorial provisions, prohibiting offshore cryptocurrency exchanges from providing trading or brokerage services to PRC residents via online platforms. This approach underscores China's determination to prevent circumvention of onshore rules through cross-border digital channels and to mitigate systemic and illicit-finance risks.

Unlike jurisdictions that regulate VASPs through licensing or registration regimes, China has established no such framework, nor does PRC law recognise any distinct categories of VASPs. As a result, activities typically associated with VASPs – such as exchange, custody, transfer and brokerage of crypto assets – fall within the scope of prohibited conduct.

Regulatory enforcement is coordinated among several authorities, including PBOC, the Ministry of Industry and Information Technology, the Ministry of Public Security, CSRC and the State Administration of Foreign Exchange. Breaches may attract administrative penalties or, in serious cases, criminal liability under the PRC Criminal Law.

7. AML and the Travel Rule in crypto asset transactions.

The amended Anti-Money Laundering Law of the PRC, effective from 1 January 2025, does not explicitly impose AML obligations on VASPs or address the so-called 'Travel Rule'. However, Article 36 provides that financial institutions shall, under the guidance of the AML administrative authority, monitor and assess money-laundering risks arising from new technologies, products and business models. This clause effectively subjects high-risk technological innovations – including cryptocurrencies – to AML supervision in principle.

As of the date of writing, there is no specific legislative or regulatory framework in China that implements the Travel Rule or prescribes information-sharing obligations for virtual asset transfers. AML supervision and enforcement remain under the authority of PBOC, which oversees compliance by financial institutions and leads national initiatives to address emerging money-laundering risks associated with digital assets.

8. Enforcement and cross-border recognition of tokenisation and structuring of secured transactions involving crypto assets.

Under PRC law, tokenisation is primarily regarded as a technological representation of existing assets rather than a transformation of their legal nature. The regulatory characterisation of a tokenised product depends on the nature of its underlying asset; tokenisation does not, in itself, create a new class of financial instrument.

Where tokenisation is applied to traditional financial or real-world assets – such as real estate, bonds or receivables – the tokens remain subject to the same regulatory framework that governs the underlying assets. Tokenisation merely provides a digital form of representation: it does not exempt such products from compliance with licensing, disclosure or registration requirements applicable to the underlying financial instruments.

By contrast, where digital assets (eg, spot bitcoin or other crypto assets) are used wholly or partially as the underlying of a structured or tokenised product, the arrangement may fall within the scope of cryptocurrency trading. Under the Notice on Cryptocurrency Trading, centralised trading or offering of such products is treated as an illegal financial activity that contravenes public order and good morals, and any related contractual arrangements may be rendered invalid or unenforceable under PRC law.

The tokenisation process itself does not alter the creation, perfection or enforcement of security interests. Collateralisation over digital assets is not formally recognised under PRC law, as cryptocurrencies do not constitute lawful property for the purpose of secured lending. Security interests over tokenised representations of traditional assets must still follow the relevant perfection procedures applicable to the underlying asset class – for instance, registration of

pledges for accounts receivable, mortgage registration for real property or recordation of security over equity interests.

As the PRC regulatory framework currently lacks detailed rules or judicial precedents addressing tokenised financing, cross-border enforceability and recognition remain uncertain. While Chinese courts generally uphold foreign governing law and jurisdiction clauses under the PRC Civil Procedure Law, contracts involving crypto asset trading or financing may be found void on public policy grounds. Mainland China is therefore expected to adopt a cautious, case-by-case approach until further legislative or judicial clarification is provided.

9. Litigation and jurisdiction on crypto assets: legal implications of disputes involving crypto assets.

Pursuant to the prevailing PRC laws and judicial practices, cryptocurrency trading and related financing activities are treated as illegal financial conduct that contravene regulatory requirements and violate the principles of public order and good morals. As a result, civil or commercial acts based on such transactions are generally held invalid and unenforceable by PRC courts.

Recent decisions by several high people's courts have reaffirmed this approach. For example, the Jiangsu High People's Court held in a foreign-related case that cross-border cryptocurrency speculation by domestic individuals undermines financial stability and may involve criminal offences such as illegal fundraising or money laundering. The court therefore declared the relevant contractual arrangements void on public policy grounds.

Similarly, the Supreme People's Court, in its *Annual Report on Judicial Review of Commercial Arbitration* (2023), referenced a case in which an arbitral award involving cryptocurrency transactions was set aside on the basis that the underlying activities constituted illegal financial operations.

At the same time, PRC courts have shown pragmatic flexibility in limited circumstances. Peer-to-peer transfers of cryptocurrencies between individuals, when conducted on a small scale, outside of exchange platforms and without speculative intent, have occasionally been recognised as valid civil acts. These rulings demonstrate that courts will examine the substance and purpose of each transaction when determining its validity.

Accordingly, exclusive jurisdiction clauses or foreign governing-law clauses contained in crypto-related agreements may be upheld where the underlying arrangement does not violate mandatory provisions or public policy. In practice, PRC courts assess such clauses case by case, balancing respect for party autonomy with the need to safeguard financial order and regulatory integrity.

10. Intellectual property (IP) and crypto assets: legal protection, ownership, enforcement and monetisation of IP rights related to digital and virtual assets.

In China, the protection of IP rights associated with digital and virtual assets – including non-fungible tokens (NFTs), blockchain-based works and underlying technologies – is developing within the existing legal framework rather than through new, asset-specific legislation. The PRC Civil Code recognises data and virtual property as protected civil interests; in addition, courts have affirmed

that digital assets held by individuals may enjoy property law protection when they have clear ownership, value and controllability.

At the same time, cryptocurrency trading and mining remain strictly regulated under the *Notice on Cryptocurrency Trading* and related rules issued by PBOC. As a result, IP rights in digital assets directly linked to cryptocurrency production or trading activities may face legal uncertainty. By contrast, Chinese courts have shown a more constructive approach towards NFTs and digital artworks. In a landmark decision, the Hangzhou Internet Court recognised NFTs as ‘online virtual property’ deserving of protection under existing IP and civil laws, emphasising that tokenised works can be protected as digital art provided their creation process and rights ownership can be verified.

Enforcement of IP rights in the digital asset space continues to face practical challenges due to the decentralised and pseudonymous nature of blockchain transactions, as well as the limited judicial precedents available. Nonetheless, courts such as the Hangzhou and Beijing Internet Courts have demonstrated a growing willingness to adjudicate such disputes, focusing on originality, ownership verification and technological traceability.

Monetisation of IP over digital assets remains heavily restricted. Financial institutions are prohibited from engaging in or facilitating cryptocurrency-related transactions; secondary-market trading of NFTs is subject to strict compliance and anti-speculation requirements. Within these parameters, right holders may still monetise digital IP through authorised primary sales or licensing of tokenised works, provided such activities comply with data security, consumer protection and AML rules.

Overall, China’s legal framework recognises the property and IP dimensions of digital assets under existing laws, while regulators and courts continue to explore balanced approaches to promote technological innovation without compromising financial and systemic stability.



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