

Regulatory Update: Revised Administrative Measures for the Licensing of Banking and Insurance Institutions

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引言

On January 27, 2026, the National Financial Regulatory Administration (国家金融监督管理总局, the “**NFRA**”), issued the revised Administrative Measures for the Licensing of Banking and Insurance Institutions (银行保险机构许可证管理办法, the “**Measures**”), which will come into effect on June 1, 2026. The previous version promulgated by the former China Banking and Insurance Regulatory Commission (“**CBIRC**”) in 2021 (the “**Previous Measures**”) will be repealed concurrently.

The Measures primarily govern the administration of licenses for banking and insurance institutions. Compared with the Previous Measures, the Measures not only reflect the transition of regulatory authority from the former CBIRC to the NFRA and reaffirm the principles of operating under a financial license framework, but also more substantively reconstruct the compliance framework for license management. Such reconstruction includes consolidating license categories, broadening the scope of regulated entities, emphasizing institutions’ primary management responsibilities, and introducing new obligations in areas such as internal control, compliance management, annual reviews, and reporting. In addition, the penalties for non-compliance have been significantly increased.

1. Coordinated Strengthening of Licensing Supervision: Consolidation of Categories + Expanded Scope of Application

Overview

The Measures abolish the standalone insurance license, consolidating all licenses into two categories:

the Financial License and the Insurance Intermediary License. In addition, the Measures formally bring financial holding companies, direct banks and other institutions into the scope of the licensing regulatory framework, thereby further enhancing the consistency and coverage of financial license supervision.

Key Change

(1) From “Three Licenses” to “Two Licenses”: Under the Previous Measures, licenses were categorized into three types, namely the Financial License, the Insurance License, and the Insurance Intermediary License. The Measures consolidate this framework into two categories:

- (a) **Financial License:** the standalone Insurance License is abolished, and insurance institutions, together with financial holding companies, banking institutions and non-bank financial institutions, are required to apply for or transition into the Financial License; and
- (b) **Insurance Intermediary License:** insurance intermediary institutions, such as insurance agencies and insurance brokers, will continue to be subject to the insurance intermediary license.

This classification more clearly reflects the substantive nature of financial institutions’ business activities and facilitates a better public understanding of their licensed operations.

(2) Expansion of the Scope of “Banking and Insurance Institutions”: In response to financial sector developments, the Measures formally expand the scope of regulated “banking and insurance institutions” to include financial holding companies and direct banks. In addition, the previous categorization of “large-scale banks and joint-stock banks” is standardized to “national commercial banks”, thereby achieving comprehensive institutional coverage.

A financial holding company refers to a company that holds or has de facto control over two or more different types of financial institutions, while itself engaging solely in equity investment management and not directly conducting business activities. Representative examples include CITIC Financial Holdings (中国中信金融控股), Beijing Financial Holdings Group (北京金融控股集团) and China

Merchants Financial Holdings (招商局金融控股).

In 2020, the Decision of the State Council on Implementing Access Administration of Financial Holding Companies (国务院关于实施金融控股公司准入管理的决定) and the Interim Measures for the Supervision and Administration of Financial Holding Companies (金融控股公司监督管理试行办法) were issued. These regulations established for the first time a clear definition of financial holding companies and introduced a formal access administration regime. Subsequently, the People's Bank of China further refined the supervisory framework by promulgating supplementary rules, including the Interim Provisions on the Administration of the Filing of Appointments of Directors, Supervisors and Senior Executives of Financial Holding Companies (金融控股公司董事、监事、高级管理人员任职备案管理暂行规定) and the Measures for the Administration of Related-Party Transactions of Financial Holding Companies (金融控股公司关联交易管理办法).

Direct banks refer to a banking business model that operates primarily online, with few or no traditional physical branches, providing financial services mainly through the internet and mobile electronic channels. Representative examples include CITIC AiBank (中信百信银行) and PSBC Youhui Wanjia Bank (中邮邮惠万家银行) (the latter having obtained regulatory approval to be absorbed and merged by Postal Savings Bank of China (邮储银行)). At present, there are no specific laws or regulations dedicated exclusively to direct banks. Accordingly, they must comply with the general regulatory framework applicable to all commercial banks, supplemented by specific rules governing internet finance, financial technology, data protection and cybersecurity. Key applicable regulations include the Notice on Issues Concerning Regulating Personal Deposit Services Conducted by Commercial Banks via the Internet (关于规范商业银行通过互联网开展个人存款业务有关事项的通知), the Interim Measures for the Administration of Internet Loans of Commercial Banks (商业银行互联网贷款管理暂行办法), the Measures for the Data Security Management of Banking and Insurance Institutions (银行保险机构数据安全管理办法) and the Implementation Plan for the High-Quality Development of Digital Finance in the Banking and Insurance Industries (银行业保险业数字金融高质量发展实施方案).

(3) Transitional Period: Effective June 1, 2026, insurance institutions will be required to adopt the Financial License. A transitional period for the replacement of existing insurance licenses is established from June 1, 2026, to May 31, 2028. During this period, all current licenses held by insurance institutions

will remain valid.

Practical Guidance

(1) License Renewal Planning for Insurance Institutions: To manage the transition effectively, insurance institutions are advised to develop a staggered renewal schedule to avoid application peaks. They should also prepare all necessary documents – including any newly required materials - in advance. Proactively communication with the competent local regulators is essential to clarify the applicable submission channels and specific procedural requirements.

(2) Financial Holding Companies and Direct Banks: As newly covered entities under the Measures, they must promptly undertake a comprehensive review of the applicable regulatory requirements. Necessary implementation steps include establishing corresponding internal policies, designating responsible personnel, and instituting proper procedures for the safekeeping and public display of their financial licenses.

2. Upgrade of Management Positioning: From “Administrative Affairs” to “Internal Control and Compliance”

Overview

The Measures mandate the integration of license management into the internal control and compliance framework. To this end, banking and insurance institutions must develop specific license management policies, designate responsible personnel, perform annual self-inspections, and file annual reports, thereby strengthening their fundamental accountability for license governance and compliance.

Key Change

(1) Policies and Staffing: The Measures require banking and insurance institutions to establish license management policies covering all stages of license administration, including safekeeping, public display and use, etc. Institutions are also required to set up dedicated license management positions at both the head office and branch levels, with clearly defined responsible persons and corresponding responsibilities.

(2) Annual Self-Inspection: In principle, banking and insurance institutions are required to conduct at least one self-inspection of license management each year. Any issues identified in such self-inspections must be rectified in a timely manner, and any material violations of laws and regulations or significant risk exposures should be promptly reported to the regulator.

(3) Annual Reporting: Banking and insurance institutions entities, branches of foreign banks and banks from Hong Kong, Macao and Taiwan, as well as branches of foreign reinsurance companies, are required to submit an annual license management report to the regulator within two months after the end of each year. The report shall cover, among other things, basic information, staffing arrangements, any loss or damage of licenses, the results of self-inspections and rectification, and accountability matters.

Practical Guidance

(1) Internal Policies: Institutions are advised to promptly formulate or revise their license management policies to ensure full compliance of the requirements under the new Measures. These policies must be properly documented and retained for regulatory inspection.

(2) Role Designation: Both head offices and branch offices should establish dedicated license management positions and define clear responsibility matrices to eliminate ambiguity in accountability. In addition, institutions are advised to conduct targeted training programs for personnel assigned to these roles.

(3) Closed-Loop Self-Inspection and Annual Reporting: Institutions are advised to conduct a thorough

review using a structured checklist to assess their existing licenses, branch structures, management processes, and role allocations, with a view to create a self-inspection checklist clearly identify areas for rectification, and establish remediation priorities. Institutions are also encouraged to establish a closed-loop “self-inspection → rectification → annual reporting” workflow and to organize submission materials in advance, so as to ensure completion of annual report filings by the end of February each year.

3. Process Optimization: Extended Timelines + Flexible Public Disclosure Robust Procedures

Overview

The Measures are designed to strike a balance between institutional operational convenience and regulatory risk control. Accordingly, they extend the processing timelines for license applications and replacements, while also broadening the permitted channels for public disclosure. Furthermore, the Measures refine the procedures for the license surrender upon institutional exit, thereby better mitigating the risks of illegal operations.

Key Change

(1)Extended Processing Timelines: Under the Previous Measures, banking and insurance institutions were required to complete license applications upon establishment, or license replacement upon changes, within 10 days. The Measures uniformly extend the above timelines to 15 days.

(2)Expanded Disclosure Channels: The Measures add national mainstream financial media and the official WeChat public account as permitted channels for license-related disclosures, thereby facilitating institutions’ public announcement activities.

(3)Prevention of Illegal Operations: The Measures further refine the license surrender procedures for

institutions subject to regulatory revocation, deregistration, license revocation, dissolution or bankruptcy, etc., thereby mitigating the risk of unauthorized operations. Key procedural refinements include: permitting institutions to apply for a deferred surrender where necessary for liquidation purposes, authorizing the competent authority to lawfully collect licenses that are not surrendered upon expiry, and requiring public announcements to declare such licenses invalid. Furthermore, the Measures emphasize that, following the license surrender, corresponding amendments to or cancellation of company registration must be completed to ensure alignment between the licensing status and the registration records.

Practical Guidance

(1) Timeline Management: Institutions are advised to establish reminder mechanisms for key procedural milestones to prevent non-compliance arising from missed deadlines for license applications, renewals, and surrenders.

(2) Retention of Disclosure Materials: Regardless of the disclosure channel selected, institutions should retain original documents, screenshots and publication records to ensure traceability for regulatory inspection.

(3) Coordination of Exit Procedures: Institutions are advised to plan, on a coordinated basis, for both the surrender of licenses and the corresponding amendments to company registration, so as to avoid any misalignment between license status and registration records.

4. Enhanced Regulatory Enforcement: Higher Penalty Caps, Categorized Sanctions and the Dual-Liability Regime

Overview

The Measures significantly increase the costs of non-compliance in license management. In particular, they substantially raise the caps on monetary penalties, introduce sanctions categorized by the severity and nature of the violations, and - for the first time- explicitly extend regulatory liability to directly responsible supervisors and personnel. At the same time, the Measures specify the circumstances under which penalties may be mitigated, reduced or exempted, thereby fully reflecting the regulatory principle of proportionality.

Key Changes

(1) Increase in Penalty Caps: The Measures raise the maximum fine from RMB 30,000 under the Previous Measures to RMB 100,000, thereby significantly enhancing the deterrent effect against non-compliance.

(2) Categorized and Graded Sanctions: Violations are categorized into (i) general violations, including failures to apply for, replace or surrender licenses, or to carry out disclosure, announcement or reporting obligations in accordance with applicable requirements, and (ii) violations arising from inadequate management, such as the loss or damage of licenses due to poor management. Penalties applicable to the former category are more severe.

(3) Dual-Liability Regime: In addition to imposing penalties on the institution itself, the Measures, for the first time, extend liability to directly responsible persons in charge and other directly responsible personnel.

(4) Mitigation, Reduction and Exemption of Penalties: A institution that proactively identifies issues through self-inspection, promptly rectifies such issues, and where no harmful consequences have arisen, may be exempted from penalties. Where an institution proactively eliminates or mitigates harmful consequences, penalties may be mitigated or reduced.

Practical Guidance

(1)Clear Allocation of Responsibilities: Institutions are advised to clearly delineate responsibility of each stage of license management and assign these responsibilities to specific positions and individuals. This ensures accountability is unambiguous and that no gaps in oversight arise.

(2)Proactive Rectification and Regulatory Engagement: Where any non-compliance is identified, institutions shall promptly initiate rectification measures. They must retain all relevant records, supporting evidence and explanatory materials, and proactively engage with the regulators to seeking mitigation, reduction or exemption of penalties where applicable.

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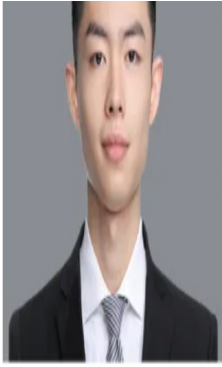
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