

Notice of the State Administration of Foreign Exchange on Issues Concerning the Handling of Foreign Exchange Business through Foreign Exchange Accounts

(No. 60 [2008])

The SAFE branches and administrative offices in all provinces, autonomous regions and municipalities directly under the Central Government and the SAFE branches in Shenzhen, Dalian, Qingdao, Xiamen and Ningbo; and all domestic-funded designed foreign exchange banks:

For purposes of implementing Article 7 of the Regulation of the People's Republic of China on Foreign Exchange Administration, which provides that "Financial institutions operating foreign exchange business shall open foreign exchange accounts for their clients and handle foreign exchange business through such accounts in accordance with the provisions of the foreign exchange administrative department of the State Council. A financial institution operating foreign exchange business shall file the foreign exchange income and expenditure of its clients and the changes in the foreign exchange accounts of the clients with a foreign exchange administrative organ according to law", the SAFE is sorting out the relevant provisions on foreign exchange administration and upgrading the foreign exchange account management information system. we hereby notify you of the issues about the executive plan for handling the foreign exchange revenue and expenditure business through foreign exchange accounts, which is about to be promulgated in the near future as follows for all SAFE branches and administrative offices, financial institutions which operate the foreign exchange business (hereinafter referred to as banks) and other institutions to make good preparations:

I. Unless it is otherwise provided, banks shall, for the purpose of handling the foreign exchange revenue and expenditure business, such as trans-border collection and payment of foreign exchange, trans-border settlement and sale of foreign exchange, or domestic transfer of foreign exchange for domestic or overseas institutions, firstly open foreign exchange accounts for them and handle such business through their foreign exchange accounts. For clients with sporadic foreign exchange revenue and expenditure, a bank is not required to open foreign exchange accounts for them, but shall handle the foreign exchange revenue and expenditure business for them through the account for the "settlement and sale of sporadic foreign exchange of clients" opened in the bank's name.

II. To handle the foreign exchange revenue and expenditure business at a bank, a domestic or overseas institution shall firstly report the nature of its capital to the bank as required. The bank shall fill in the transaction code according to the nature of capital before handling the foreign exchange revenue and expenditure for the domestic or overseas institution.

III. Banks shall, according to the requirements of the current data interface specifications, file the data about trans-border collection and payment of foreign exchange, trans-border settlement and sale of foreign exchange or domestic transfer of foreign exchange of domestic and overseas institutions with the SAFE branches through the foreign exchange account management information system.

IV. Banks shall make the following preparations:

1. adjusting the internal business operation flow, requesting their clients to open foreign exchange accounts as required, and handling the foreign exchange revenue and expenditure business, such as trans-border collection and payment of foreign exchange, trans-border settlement and sale of foreign exchange, or domestic transfer of foreign exchange, through foreign exchange accounts;
2. debugging the international settlement system, the core accounting system and other internal information system and making good preparations for the interface program connecting with the foreign exchange account information management system so as to ensure that it satisfies the requirements of this Notice; and
3. doing other preparation work in dissemination, training and internal control system building, etc.

V. All SAFE branches and administrative offices shall urge the banks within your jurisdiction to make good preparations for implementing the Article 7 of the Regulation of the People's Republic of China on Foreign Exchange Administration and this Notice betimes.

VI. This Notice applies to the foreign exchange revenue and expenditure business, such as trans-border collection and payment of foreign exchange, trans-border settlement and sale of foreign exchange, or domestic transfer of foreign exchange of individual trade settlement accounts. Other individual foreign exchange revenue and expenditure shall be governed by the Measures for Individual Foreign Exchange Administration.

VII. Banks shall observe the above-mentioned provisions in handling the foreign exchange revenue and expenditure business for enterprises within bonded areas under the customs' supervision and handle the said business through their foreign exchange accounts.

All SAFE branches and administrative offices shall, after receiving this Notice, forward it to all central sub-branches, foreign-funded banks, local commercial banks and other relevant entities within your jurisdiction as soon as possible. All domestic-funded designated foreign

exchange banks shall, after receiving this Notice, forward it to your branch offices as soon as possible.

If you encounter any problem in the implementation process, please report it to the SAFE betimes.

Tel: 010-68402275, 68402429

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