

China Further Standardises the Administration of Receipt & Payment of Foreign Currency Notes by Domestic Institutions

TAGS

Others

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On 18 December 2015, the State Administration of Foreign Exchange (SAFE) issued the Measures for Administration of Receipt & Payment of Foreign Currency Notes by Domestic Institutions, which shall become effective as of 1 February 2016.

The Measures clarifies the following 3 aspects:

1) conditions for receipt & payment of foreign currency notes by domestic institutions. Under special circumstances where the bank channel cannot be used, for instance, obstructed remittance path of the banks as well as transactions with countries (regions) plagued by wars and bad financial conditions, the domestic institutions are permitted to handle receipt/payment of certain capital accounts using foreign currency notes;

2) review requirements of the banks for handling receipt/payment of foreign currency notes. The banks shall review the trueness, legality and necessity of receipt/payment of foreign currency notes

in accordance with the principles of “understand the client”, “understand the business” and “due diligence investigation” ;

3) improvement of relevant foreign exchange related supervision & administration. The SAFE will step up data gathering & analysis, improve supervision & administration after the event, and use greater efforts to penalize the violation of the regulations.

For more information please visit the website of China’s State Administration of Foreign Exchange.