

**Yinfa No. 330 [2020], Notice of PBC, NDRC, MOC, SASAC, CBIRC  
and SAFE on Further Optimizing the Cross-Border RMB Policies to  
Stabilize Foreign Trade and Foreign Investment**

This Notice is hereby issued to implement the decisions and arrangements of the CPC Central Committee and the State Council on ensuring “six stabilities” and “six guarantees”, promote the formation of a new development paradigm, where domestic and international circulation boost each other with domestic circulation as the mainstay, and further empower cross-border RMB business to support the real economy and facilitate trade and investment.

**I. Promoting a higher level of RMB settlement facilitation in trade and investment based on serving the real economy**

1. Piloting a higher level of trade and investment facilitation nationwide. Domestic banks that fully comply with the rules of “Know Your Customer” (KYC), “Know Your Business” (KYB) and “Customer Due Diligence” (CDD) may, based on the *Statement on Payment/Receipt in Cross-Border RMB Settlement* or the payment/receipt instructions submitted by high-quality enterprises, directly handle the cross-border RMB settlement of trades in goods and trades in services for such enterprises and facilitate their lawful, compliant, and domestic use of the RMB income under capital accounts (such as foreign direct investment, cross-border financing, and repatriated proceeds from overseas listing).

Before piloting this higher level of trade and investment facilitation, domestic banks shall formulate a detailed implementation plan through a provincial-level self-regulatory mechanism for cross-border RMB business, clarify their risk control measures including the criteria and the dynamic re-classification mechanism for high-quality enterprises, and submit their detailed implementation plans to the local PBC branch offices at or above the level of central sub-branches in sub-provincial cities for record-filing before implementation.

2. Supporting cross-border RMB settlement for new types of trade. With transaction information collection and authenticity review as a prerequisite, domestic banks may provide cross-border RMB settlement services under current accounts for market entities engaged in cross-border e-commerce or other new types of trade based on the electronic transaction information in accordance with applicable regulations. On the premise of compliance with laws and regulations, domestic banks may work with lawful routing and clearing institutions and non-bank payment institutions to provide cross-border RMB payment and receipt services for market entities in new types of trade such as cross-border e-commerce, market procurement trade, and integrated foreign trade services.

3. Timely adjusting transaction handling and review requirements in line with the reform of the commerce system. Enterprises do not need to present the approval or record-filing documents issued by the competent commerce authorities when applying for RMB settlement as part of a foreign direct investment. Banks may reference their business licenses and the registration and filing information of commercial entities published by market regulation administrations in support of transaction reviews, account opening, and corporate information registration. When applying for cross-border RMB settlement under processing trade accounts, enterprises do not need to present, to their domestic settlement banks, the approval certificate for processing trade issued by the local commerce authorities. If policy changes in the future, the internal systems, such as the list of transaction documents needed for review and the procedures of review, shall be adjusted in a timely manner, and relevant transactions shall be handled in accordance with the updated internal systems.

## **II. Simplifying the cross-border RMB settlement process**

4. Improving the creation of the supervisory watchlist for cross-border RMB transactions. The “list of enterprises subject to priority supervision for RMB settlement in export trade in goods” is updated and renamed as the “supervisory watchlist for cross-border RMB transactions.” The PBC will work with the relevant government departments to update the identification criteria and improve the formation rules and procedures of the list to support the growth of foreign trade enterprises.

5. Supporting electronic review of documentation. Domestic banks may accept paper or electronic payment/receipt instructions from enterprises in place of the *Statement on Payment/Receipt in Cross-Border RMB Settlement*, provided these instructions shall meet the requirements for balance of payments declaration and cross-border RMB business information reporting.

Domestic banks may provide enterprises with cross-border RMB settlement services under current accounts based on a review of the legally binding electronic documentations or information they have submitted. The banks shall ensure such electronic documentations and information are authentic, truthful, compliant, and being used for the designated single purpose, and shall retain them for five years for potential future inspections.

6. Optimizing the centralized cross-border RMB payments and receipts under current accounts for multinational enterprise groups. The domestic member enterprise designated by a multinational enterprise group as the lead enterprise for handling relevant processes may open RMB settlement accounts as needed at places other than where it resides for handling centralized cross-border RMB payments and receipts under current accounts.

7. Piloting cross-border RMB settlement facilitation nationwide for quality contractors providing international engineering services. On condition of the principles of KYC, KYB, and CDD, encourage banks to exploit the interconnected businesses of domestic and overseas branches to provide streamlined cross-border RMB financial services for trades in goods,

trades in services as well as centralized overseas fund management of quality contractors that provide international engineering services, and to facilitate the outward remittance of payments necessary for their project implementation. Before providing these streamlined services on a pilot basis, banks shall clarify the criteria for quality enterprises and formulate a detailed implementation plan through a provincial-level self-regulatory mechanism for cross-border RMB transactions.

### **III. Enhancing the management of cross-border RMB investment and financing**

8. Relaxing restrictions on the use of certain RMB capital-account incomes. Domestic institutions may use their RMB capital-account incomes (including foreign direct investment, cross-border financing, and repatriated proceeds from overseas listing) within the scope of business approved by China's relevant government departments on the premise that such incomes are not used: either directly or indirectly, for expenditures outside their scope of business or prohibited by national laws or regulations; either directly or indirectly, for securities investment unless otherwise provided; as a loan to non-affiliated enterprises unless otherwise expressly permitted by their scope of business, and; to develop or purchase non-self-use properties (real estate enterprises excluded).

9. Facilitating domestic reinvestment by foreign-invested enterprises. Non-investment-oriented foreign-invested enterprises may reinvest their RMB capital domestically in accordance with the law on the premise that they comply with existing regulations and the domestic projects they invest in are genuine and compliant. Where a foreign-invested enterprise reinvests its RMB income under capital account domestically, the investee does not need to open a special deposit account for RMB funds, but the use of funds shall comply with the provisions of Section 8 of this Notice.

10. Removing the requirement of special account management for foreign direct investment. Where a foreign investor reinvests its domestic RMB profits domestically, it may directly transfer its RMB profits from the account of the profit-distributing enterprise to the account of the investee or the equity transferor without opening a special RMB deposit account for reinvestment. In this case, the investee does not need to open a special deposit account for RMB funds, but the use of funds shall comply with the provisions of Section 8 of this Notice.

Where a foreign investor establishes a foreign-invested enterprise by acquiring a domestic enterprise with RMB capital, or pays the consideration for an equity transfer in RMB to the Chinese shareholder(s) of a domestic foreign-invested enterprise, the Chinese shareholder(s) involved in either case do not need to open a special RMB deposit account for mergers and acquisitions or a special RMB deposit account for equity transfer.

11. Improving the management of overseas RMB loans taken out by domestic enterprises. For the purpose of payments and receipts, a domestic enterprise may either open multiple special RMB deposit accounts for one overseas RMB loan or use the same special RMB deposit account for multiple overseas RMB loans. In general, the domestic borrower shall open such

accounts with a bank in the place where it is registered, but if indeed necessary, it may do so with a bank in a remote location. Banks other than the settlement bank for the overseas RMB loans may help process the repayment of principal and interest, provided they shall ensure that the loans are authentic. The withdrawal currency and repayment currency of an overseas RMB loan taken out by an enterprise or financial institution must be consistent, but the currency specified in the contract may differ from the withdrawal currency and the repayment currency if necessary.

12. Simplifying the management of overseas RMB loans granted by domestic enterprises. The amount of early repayments on overseas RMB loans granted by a domestic enterprise is now excluded from the balance of overseas loans granted by the enterprise; the currency conversion factor is adjusted to 0.5. Following these changes, the balance of overseas loans granted by a domestic enterprise is calculated as follows: Balance of overseas loans granted by an enterprise =  $\sum$  Balance of RMB and foreign-currency overseas loans +  $\sum$  Balance of foreign-currency overseas loans  $\times$  Currency conversion factor.

Where a domestic enterprise converts the overseas RMB loans it has granted into equity investment, banks must update and register relevant information in the RMB Cross Border Payment & Receipt Management Information System (RCPMIS) after examining the approval or record-filing documents issued by competent authorities for overseas direct investment and other relevant materials.

#### **IV. Facilitating cross-border RMB payments and receipts under personal current accounts**

13. Supporting cross-border RMB settlement under personal current accounts. Based on the rules of KYC, KYB, and CDD, domestic banks are encouraged to provide individuals with cross-border RMB settlement services under current accounts so as to facilitate the cross-border payments and receipts of lawful and compliant personal incomes such as salaries.

14. Facilitating remittances from Hong Kong and Macao to personal RMB settlement account of the same name. Domestic banks may open personal RMB settlement accounts for Hong Kong and Macao residents for receiving funds remitted from accounts opened under the same name, up to a limit of RMB80,000 per person per day. Domestic banks shall ensure that the use of inward and outward remitted funds complies with existing regulations. Notably, the funds remitted inward may only be used for domestic consumption and shall not be used to purchase securities, financial derivatives, asset management products, or other financial products.

#### **V. Facilitating the use of RMB settlement accounts by overseas institutions**

15. Facilitating the receipt of overseas funds through RMB settlement accounts of overseas institutions. The range of permissible deposits into the RMB settlement accounts of overseas

institutions is expanded to include the RMB funds remitted from overseas same-name accounts. Unless otherwise provided, RMB funds remitted from overseas may not be used to purchase foreign currencies.

Domestic banks shall continue to enrich RMB financial products and provide market entities with efficient and convenient financial services to facilitate their use of RMB in foreign economic and trade activities and international cooperation programs. When handling cross-border RMB transactions, domestic banks shall duly fulfill anti-money laundering, counter-terrorist financing, and anti-tax evasion obligations in accordance with the *Anti-Money Laundering Law of the People's Republic of China* and other applicable provisions. For those domestic banks that fail to process cross-border RMB transactions as required, the PBC and its branches may impose penalties on them in accordance with the Article 32 and Article 46 of the *Law of the People's Republic of China on the People's Bank of China*.

This Notice takes effect on February 4, 2021. This Notice shall prevail to the extent of any inconsistency between it and relevant provisions including Article 9 of the *Notice of the People's Bank of China on Relevant Issues Concerning the Individual RMB Business Between Mainland Banks and Hong Kong and Macao Banks* (Yinfa No. 254 [2004]); Article 16 of the *Detailed Rules for the Implementation of the Measures for the Administration of Pilot RMB Settlement in Cross-border Trade* (Annex to Yinfa No. 212 [2009]); Articles 5, 7, 8, 9, 15, and 21 of the *Administrative Rules on Settlement of RMB-denominated Foreign Direct Investment* (PBC Document No. 23 [2011]); Articles 5, 6, 8, 9, 11, 14 and 16 of the *Notice of the People's Bank of China on Clarifying the Operational Rules for RMB Account Settlement for Foreign Direct Investment* (Yinfa No. 165 [2012]), the *Notice of PBC, MOC, GAC, SAT, and CBRC on Relevant Issues Pertaining to Administration over Enterprises Engaging in RMB Settlement of Export of Goods* (Yinfa No. 23 [2012]); Article 4 of the *Notice of the People's Bank of China on Issues Concerning the Opening and Use of RMB Bank Settlement Accounts of Overseas Institutions* (Yinfa No. 183 [2012]); Article 13 of the *Notice of the People's Bank of China on Issues Concerning Centralized Cross-Border RMB Fund Operation Conducted by Multinational Enterprise Groups* (Yinfa No. 324 [2014]); Article 5 of the *Notice of the People's Bank of China on Further Clarifying Matters concerning the RMB Loans Granted Overseas by Domestic Enterprises* (Yinfa No. 306 [2016]); and Article 7 of the *Notice of the People's Bank of China on Matters Concerning the Macroprudential Management for Full-calibre Cross-border Financing* (Yinfa No. 9 [2017]).

The People's Bank of China

National Development and Reform Commission

Ministry of Commerce

State-owned Assets Supervision and Administration Commission of the State Council

China Banking and Insurance Regulatory Commission

State Administration of Foreign Exchange

December 31, 2020