Interim Regulations on Cash Management of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Regulations are enacted for the purpose of improving cash management, promoting commodity production and circulation, and strengthening supervision of social and economic activities.

Article 2 — All units and individuals opening accounts with banks and other financial institutions (hereinafter referred to as "account-opening banks") within the territory of the People's Republic of China shall accept the supervision of account-opening banks over their cash receipts and payments in accordance with these Regulations. Account-opening banks shall exercise supervision over the cash receipts and payments of their account holders in accordance with these Regulations and the provisions of the People's Bank of China.

Article 3 — The People's Bank of China shall be the competent authority for cash management at all levels and shall be responsible for the specific implementation and supervision of these Regulations.

Article 4 — Cash management by the account-opening banks of their account holders shall be carried out by the People's Bank of China. The People's Bank of China shall entrust financial institutions with the specific

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execution of cash management tasks.

Chapter II — Scope and Limits of Cash Usage

Article 5 — Account-opening units may use cash within the following scope: (1) wages and salaries, allowances and subsidies of employees; (2) personal remuneration for services; (3) various bonuses awarded to individuals in accordance with state regulations; (4) various social insurance and welfare expenses such as labor insurance and relief funds; (5) purchase price of agricultural and sideline products and other materials from individuals; (6) travel expenses required by persons on official missions; (7) sporadic expenditures below the settlement threshold; and (8) other expenditures that the People's Bank of China determines may be paid in cash.

Article 6 — The settlement threshold shall be set at 1,000 yuan. It may be adjusted upon approval by the People's Bank of China where necessary.

Article 7 — In addition to the cash usage scope specified in Articles 5 and 6 of these Regulations, account-opening units shall make payments through transfers of settlement via their bank accounts.

Article 8 — Account-opening units may withdraw cash from their bank deposit accounts within the scope and limits of cash usage specified in these Regulations. Account-opening banks shall strictly control the cash withdrawals of their account holders.

Chapter III — Cash Management Measures

Article 9 — Account-opening banks shall, based on actual needs, verify the cash inventory limit of their account-opening units within a period of three to five days of daily sporadic account-opening unit expenditures. For account-opening units located in remote areas or areas with inconvenient transportation, the cash inventory limit may be more than five days but shall not exceed 15 days of daily sporadic expenditures.

Article 10 — Cash payments by account-opening units may be made from their cash inventory. No account-opening unit may withdraw revenue in the form of cash directly from its cash receipts (i.e., retain cash receipts for expenditure).

Article 11 — The cash receipts of account-opening units shall be deposited with the account-opening bank on the same day. Where it is genuinely difficult to make the deposit on the same day, the deposit shall be made on the morning of the following day upon approval by the account-opening bank.

Article 12 — Where account-opening units need to increase or decrease their cash inventory limit for special circumstances, they shall file an application with the account-opening bank, which shall re-verify the limit.

Article 13 — Account-opening units shall purchase goods or services necessary for their production and operations in other places through bank transfers. Where it is necessary to carry cash due to special circumstances such as uncertain procurement locations, inconvenient transportation, emergency rescue, disaster relief, etc., the cash amount carried shall be subject to the examination and approval of the account-opening bank.

Article 14 — Account-opening units shall establish and improve their cash accounting systems. Cash received from one transaction shall be promptly credited to the accounts, and cash paid for one transaction shall be promptly debited from the accounts. The accounts shall be settled daily, and the cash on hand shall be verified monthly to ensure that the accounts match the cash on hand.

Article 15 — Account-opening units shall truthfully record their cash receipts and payments and shall not engage in any of the following acts: (1) using white notes (informal receipts) to replace cash in the cash inventory; (2) using cash from bank deposits other than the unit's own funds; (3) retaining public funds in a personal name for deposit in a bank; (4) making payments beyond the scope of cash usage as prescribed by

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the State; (5) retaining cash exceeding the prescribed limit; or (6) other activities that should be prohibited in accordance with the provisions of these Regulations.

Article 16 — Account-opening banks shall strengthen their counter reviews of cash receipts and payments. Account-opening banks shall have the right to conduct on-site inspections of the cash management of their account holders.

Article 17 — Account-opening banks shall prepare and submit cash revenue and expenditure plans on a quarterly basis. The People's Bank of China shall, based on the cash revenue and expenditure plans, organize and carry out the work of cash conversion between banks.

Chapter IV — Legal Liability

Article 18 — Where an account-opening unit commits any of the following circumstances, the account-opening bank shall impose punishment in accordance with the provisions of the People's Bank of China: (1) withdrawing revenue in the form of cash directly from cash receipts; (2) retaining cash exceeding the prescribed limit or using cash beyond the prescribed scope; (3) failing to deposit cash receipts with the account-opening bank on time; or (4) making payments in cash for settlement amounts exceeding the settlement threshold without approval.

Article 19 — Where an account-opening unit commits any of the violations specified in Article 15 of these Regulations, the account-opening bank shall impose punishment in accordance with the provisions of the People's Bank of China; the account-opening bank may stop the unit's cash payments within a certain period or stop granting loans to it.

Article 20 — Where an account-opening bank fails to perform its obligations under these Regulations or conducts cash management in violation of these Regulations, the People's Bank of China shall impose punishment on it in accordance with relevant regulations.

Article 21 — Where a party is dissatisfied with the punishment imposed by the account-opening bank, it may first apply to the local branch of the People's Bank of China for reconsideration; where it is dissatisfied with the reconsideration decision, it may bring a lawsuit in a people's court in accordance with law.

Chapter V — Supplementary Provisions

Article 22 — The People's Bank of China shall be responsible for the interpretation of these Regulations and shall formulate the implementing rules thereof.

Article 23 — Cash management among the People's Liberation Army, the People's Armed Police Force, and public security and state security organs shall be separately stipulated.

Article 24 — The measures for cash management in special economic zones shall be separately stipulated according to these Regulations by the People's Bank of China in conjunction with relevant departments.

Article 25 — These Regulations shall come into force as of October 1, 1988. The Interim Regulations on Cash Management promulgated by the State Council on April 7, 1977 shall be repealed simultaneously.

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