Notice of the State Administration of Foreign Exchange on Further Improving the Administration of Foreign Exchange Matters Concerning Domestic Foreign Exchange Loans

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The branches of the State Administration of Foreign Exchange in all provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan, and all national Chinese-funded banks:

In order to further support and regulate the development of the domestic foreign exchange loan business, promote the facilitation of trade and investment financing, and improve the quality and effectiveness of financial services for the real economy, matters concerning the further improvement of the administration of foreign exchange in domestic foreign exchange loans are hereby notified as follows:

Article 1 — For the purposes of this Notice, "domestic foreign exchange loans" means loans denominated and settled in foreign currency that are granted by domestic financial institutions (hereinafter referred to as "lenders") within their approved business scope to domestic non-financial institutions (hereinafter referred to as "borrowers").

Article 2 — Lenders conducting the domestic foreign exchange loan business shall comply with the relevant requirements of the competent industry authorities.

Article 3 — Domestic foreign exchange loans shall be administered through special accounts. Except as provided in Article 4 of this Notice, a borrower shall, in accordance with the relevant provisions on foreign exchange administration and on the strength of the domestic foreign exchange loan contract or other relevant supporting documents, open a domestic foreign exchange loan account to deposit the domestic foreign exchange loan and the repayment funds. Multiple domestic foreign exchange loan accounts may be opened for depositing a single domestic foreign exchange loan, and multiple domestic foreign exchange loans may also share a single domestic foreign exchange loan account for deposit.

Where the lender is a bank, the borrower shall open the domestic foreign exchange loan account with a bank within the jurisdiction of the provincial foreign exchange branch of its place of registration, or with the lending bank; where the lender is a finance company, the borrower may open the domestic foreign exchange loan account with the finance company; where the lender is any other non-bank financial institution, the borrower shall open the domestic foreign exchange loan account with a bank within the jurisdiction of the provincial foreign exchange branch of its place of registration, or with the bank through which the loan funds are transferred.

Article 4 — A domestic foreign exchange loan with a background of export of goods or services trade that simultaneously satisfies the following conditions may be directly transferred into the borrower's current account foreign exchange settlement account, but shall not be granted by way of an overdraft account:

(1) it is self-liquidating, with the foreign exchange proceeds from the export of goods or services as the primary source of repayment funds;

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(2) it can correspond one-to-one to a single export of goods or export of services.

For the purposes of this Notice, "background of export of goods or services trade" means transactions arising from the export of goods or services by residents of China to non-residents. Where goods trade denominated and settled in foreign currency is conducted between an institution inside a special customs supervision zone and an institution outside a special customs supervision zone within the territory of China, or between institutions inside a special customs supervision zone, and the borrower is the seller under the aforesaid trade, it shall be deemed to have a goods export background.

After a domestic foreign exchange loan is transferred into a current account foreign exchange settlement account, foreign exchange settlement may be handled in accordance with the relevant provisions on current account foreign exchange settlement accounts. Lenders conducting the aforesaid domestic foreign exchange loan business shall strengthen the review of the trade background and confirm the authenticity and reasonableness of the transactions.

Article 5 — The scope of receipts and payments of a domestic foreign exchange loan account shall comply with the following provisions:

(1) The scope of receipts includes: the principal of the domestic foreign exchange loan and the interest accrued thereon; funds transferred in from other domestic foreign exchange loan accounts of the same borrower; and the principal and interest of repayment funds purchased in foreign exchange or transferred in. The time at which repayment funds enter the domestic foreign exchange loan account shall not be more than 5 working days before the loan maturity date or the actual repayment date.

(2) The scope of payments includes: repayment of the principal and interest of the domestic foreign exchange loan; foreign exchange settlement of the domestic foreign exchange loan in compliance with the relevant provisions; transfer to other special accounts for domestic foreign exchange loans of the same borrower; and current account and capital account foreign exchange payments in compliance with the relevant provisions.

Article 6 — Except for the circumstances provided in Article 4 of this Notice and other circumstances in which foreign exchange settlement for use is permitted, domestic foreign exchange loans shall not be settled into foreign exchange for use. With respect to other circumstances in which foreign exchange settlement for use is permitted, banks shall earnestly perform their obligations of authenticity and compliance review when handling the foreign exchange settlement of domestic foreign exchange loans for the relevant institutions.

Article 7 — Domestic foreign exchange loans and the funds settled therefrom shall be used within the scope agreed in the loan agreement and in compliance with the requirements of the relevant laws and regulations.

Article 8 — A borrower purchasing foreign exchange to repay a domestic foreign exchange loan may, on the strength of the relevant authenticity supporting materials, directly handle the foreign exchange purchase procedures with the bank, and the bank handling the foreign exchange purchase shall strictly conduct authenticity and compliance review in accordance with the relevant provisions.

With respect to a domestic foreign exchange loan with a background of export of goods or services trade, the borrower shall give priority to repaying the domestic foreign exchange loan with the foreign exchange proceeds from the export of goods or services or with its own foreign exchange; where the borrower is genuinely unable to collect the foreign exchange proceeds on schedule and has no other foreign exchange funds, it may purchase foreign exchange to make repayment.

Article 9 — Lenders shall, strictly in accordance with the requirements of the data collection specifications for the foreign exchange business of financial institutions, promptly and accurately report all data on the domestic foreign exchange loan business.

Article 10 — Where a domestic financial leasing company (including project companies) or finance leasing company established with the approval of the relevant authorities (hereinafter referred to as the "lessor")

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handles financial leasing business, and more than 50% of the funds for the purchase of the leased property originate from foreign currency debt funds inside or outside the territory, the lessor and the domestic lessee may agree to denominate and settle the principal and interest of the claims and debts under the financial leasing in foreign currency. The lessor may collect foreign currency rental income through other special capital account accounts, and the portion in excess of what is required for repaying foreign currency debts may be settled directly with the bank. The domestic lessee shall, by reference to the provisions of this Notice, directly handle foreign exchange purchase or repayment with the bank on the strength of the relevant authenticity supporting materials.

Under the aforesaid financial leasing business, the lessor may accept guarantees provided by overseas institutions. Where a guarantee is performed, the domestic lessee shall handle the relevant registration and information filing in accordance with the current administrative provisions on external guarantees for domestic loans.

Article 11 — Where a domestic non-financial institution applies to a domestic financial institution for a RMB loan using the foreign currency funds it holds as pledge, the pledged foreign exchange shall be limited to funds originating from its own current account foreign exchange settlement account and capital account settlement account.

The bank that opens the debtor's foreign exchange account shall, in accordance with the relevant provisions, handle the relevant foreign exchange transfers on the strength of the pledged loan contract. Upon maturity of the pledged loan contract, if the debtor defaults, the creditor may directly settle the pledged foreign exchange into RMB for repaying the principal and interest of the relevant RMB loan and the related expenses.

Article 12 — The State Administration of Foreign Exchange and its branches shall exercise administration, supervision and inspection over the foreign exchange accounts, foreign exchange settlement and sales, and related foreign exchange receipts and payments involved in domestic foreign exchange loans. Violations of the provisions of this Notice shall be punished by the State Administration of Foreign Exchange and its branches in accordance with the law under the Regulations of the People's Republic of China on Foreign Exchange Administration.

Article 13 — The State Administration of Foreign Exchange shall be responsible for the interpretation of this Notice.

Article 14 — This Notice shall come into force on October 1, 2026. The Notice of the State Administration of Foreign Exchange on Implementing the Reform of the Manner of Foreign Exchange Administration of Domestic Foreign Exchange Loans (Hui Fa [2002] No. 125), the Notice of the State Administration of Foreign Exchange on the Policy on RMB Loans Mortgaged by Foreign Exchange of Domestic Resident Individuals (Hui Fa [2003] No. 2), the Notice of the State Administration of Foreign Exchange on Issues Concerning the Policy on RMB Loans Pledged by Foreign Exchange of Domestic Enterprises (Hui Fa [2011] No. 46), the Reply of the General Affairs Department of the State Administration of Foreign Exchange on Foreign Exchange Business Such as Foreign Exchange Purchase for Loan Repayment by CNNC Finance Co., Ltd. (Hui Zong Fu [2012] No. 61), and the Notice of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration of Financial Leasing Business (Hui Fa [2017] No. 21) shall be repealed simultaneously. Where previous provisions are inconsistent with this Notice, this Notice shall prevail.

Upon receipt of this Notice, the branches of the State Administration of Foreign Exchange in all provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan shall promptly forward it to the sub-branches at the prefecture (city) level, city commercial banks, rural commercial banks, foreign-funded banks and rural cooperative banks within their respective jurisdictions. Upon receipt of this Notice, all national Chinese-funded banks shall promptly forward it to their subordinate branches. Any problems encountered in the course of implementation shall be reported to the

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State Administration of Foreign Exchange in a timely manner.

State Administration of Foreign Exchange

July 29, 2026

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