Notice of the State Administration of Foreign Exchange on Further Optimizing the Administration of Trade Foreign Exchange Business (Hui Fa [2024] No. 11) – Full English Translation

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

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Issued by the State Administration of Foreign Exchange (SAFE) on April 3, 2024; published April 7, 2024. Document No.: Hui Fa [2024] No. 11.

Effective: June 1, 2024

Repeals: Hui Fa [2012] No. 38 (Guidelines on Foreign Exchange Administration of Trade in Goods)

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To the branches of the State Administration of Foreign Exchange in all provinces, autonomous regions, municipalities directly under the Central Government and cities under separate state planning, and to all nationwide Chinese-funded banks:

To promote the high-quality development of trade, effectively strengthen the capacity to serve the real economy, and facilitate the handling of cross-border trade business by market entities, the State Administration of Foreign Exchange has decided to further optimize the administration of trade foreign exchange business. The relevant matters are hereby notified as follows:

1. Optimizing the Registration Administration of the Enterprise Directory for Trade Foreign Exchange Receipts and Payments

The requirement that the branches of the State Administration of Foreign Exchange (hereinafter the “foreign exchange authorities”) approve registration in the “Enterprise Directory for Trade Foreign Exchange Receipts and Payments” (hereinafter the “Directory”) is abolished. Directory registration shall instead be handled directly by banks within China.

(1) An enterprise carrying out trade in goods foreign exchange receipts and payments shall, before handling its first receipt or payment, complete directory registration with a bank within China. At the time of registration, it may submit the Application Form for the Enterprise Directory for Trade Foreign Exchange Receipts and Payments (hereinafter the “Application Form”, see Annex 1) to the bank online or in person. On the basis of the Application Form, the bank shall enter the enterprise’s directory information through the bank-side terminal of the State Administration of Foreign Exchange’s “Digital SAFE” platform (hereinafter the “Digital SAFE platform”) and, once the entry is complete, shall inform the enterprise of the internet-side account and initial password for the Digital SAFE platform, through which the enterprise may check the result of the directory registration. Other domestic institutions or individual industrial and commercial households that have a genuine objective need to carry out trade in goods foreign exchange receipts and payments may handle the matter by reference to the provisions applicable to enterprises. Small and micro cross-border e-commerce enterprises that handle trade in goods foreign exchange receipts and payments on the basis of electronic transaction information may be exempted from the directory registration described above.

(2) Where the enterprise name, unified social credit code, legal representative, contact details or registered address of an enterprise within the Directory changes, the enterprise shall, within 30 days from the date on which the change occurs, complete the change of directory information with a bank within China, online or in person, on the strength of explanatory materials setting out the matters changed. Where a bank finds that the above information of an enterprise has changed, it may, in accordance with its internal approval procedures, proactively change the enterprise’s directory information. Where an enterprise’s change of registered place results in a change of the foreign exchange authority with jurisdiction, the enterprise shall report to the foreign exchange authority of its former place of registration. Cancellation of directory registration shall be handled by the foreign exchange authority in accordance with the relevant provisions.

(3) When handling the filing or change of directory information, a bank shall verify the authenticity of the enterprise’s basic information and retain the paper or electronic materials for five years for inspection.

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For the purposes of this item, enterprises carrying out trade in goods foreign exchange receipts and payments do not include payment institutions and banks that, on the basis of electronic transaction information, provide agency settlement and sale of foreign exchange and related fund receipt and payment services for cross-border goods trade carried out by business entities; and “small and micro cross-border e-commerce enterprises” means cross-border e-commerce enterprises whose cumulative annual trade in goods foreign exchange receipts or payments are less than the equivalent of USD 200,000 (exclusive).

2. Simplifying the Trade Receipts and Payments Procedures for Enterprises in Customs Special Supervision Areas

Where an enterprise in a customs special supervision area handles trade in goods foreign exchange receipts and payments and, for operational reasons, the entity importing or exporting is another institution, a bank may, in accordance with the principle of knowing your customer and knowing your business, verify the authenticity and reasonableness of the transaction and the materials concerning the inconsistency between the entity receiving or making payment and the entity importing or exporting, and thereafter handle the business, noting “non-declarant” in the transaction remarks of the cross-border receipts and payments declaration.

3. Relaxing the Authority of Banks to Handle Special Trade Refunds Exempt from Registration

For Class A enterprises, where a single refund of trade in goods is equivalent to USD 200,000 or less (inclusive) and either the date of the refund is more than 180 days (exclusive) after the date of the original receipt or payment, or the refund cannot be returned through the original channel owing to special circumstances, the refund may be handled directly by a bank, unless otherwise provided. When handling such business for an enterprise, the bank shall confirm the authenticity and reasonableness of the overdue refund or of the refund that cannot be returned through the original channel, and shall note “special refund + type of refund business (such as overdue, or not returned through the original channel)” in the transaction remarks of the cross-border receipts and payments declaration.

4. Optimizing the Administration of Trade Foreign Exchange Business of Class B and Class C Enterprises

Where a Class B or Class C enterprise handles deferred collection or deferred payment business with a term of more than 90 days (exclusive), and during the period of classified supervision the circumstances that caused it to be classified as Class B or Class C have been improved or corrected and no new circumstance warranting classification as Class B or Class C has arisen, the enterprise may, six months after the date of its classification as a Class B or Class C enterprise, complete registration with the foreign exchange authority of its locality, and the bank shall handle the business for the enterprise on the strength of the Trade Foreign Exchange Business Registration Form (see Annex 2).

5. Clarifying the Materials for Handling Trade in Goods Foreign Exchange Registration Business

The provisions on trade in goods foreign exchange registration business contained in the Notice of the State Administration of Foreign Exchange on Issues Concerning the Issuance of Regulations on Foreign Exchange Administration of Trade in Goods (Hui Fa [2012] No. 38) and in the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines on Current Account Foreign Exchange Business (2020 Edition) (Hui Fa [2020] No. 14) are consolidated, and the materials required for handling trade in goods foreign exchange registration business are clarified (see Annex 3).

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6. Revising the Documents Relating to Trade in Goods Foreign Exchange Administration

The Notification of Classification Conclusion of the XX Branch (Sub-branch) of the State Administration of Foreign Exchange, the Risk Alert Letter of the XX Branch (Sub-branch) of the State Administration of Foreign Exchange, and the Verification Notice of the XX Branch (Sub-branch) of the State Administration of Foreign Exchange attached to the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines on Current Account Foreign Exchange Business (2020 Edition) (Hui Fa [2020] No. 14) are revised accordingly (see Annexes 4 to 6).

Entry into Force and Repeal

This Notice shall be implemented from June 1, 2024, and the Notice of the State Administration of Foreign Exchange on Issues Concerning the Issuance of Regulations on Foreign Exchange Administration of Trade in Goods (Hui Fa [2012] No. 38) shall be repealed on the same date. Where previous provisions are inconsistent with the contents of this Notice, this Notice shall prevail.

On receipt of this Notice, the branches of the State Administration of Foreign Exchange shall promptly transmit it to the central sub-branches (sub-branches) within their jurisdiction, to local commercial banks, rural commercial banks, wholly foreign-owned banks, Sino-foreign joint venture banks, branches of foreign banks and rural cooperative financial institutions; and all nationwide Chinese-funded banks shall promptly transmit it to their subordinate branches. Any problems encountered in implementation shall be reported to the foreign exchange authority of the locality in a timely manner.

Hereby notified.

State Administration of Foreign ExchangeApril 3, 2024

Annexes 1 to 6

Annex 1 — Application Form for the Enterprise Directory for Trade Foreign Exchange Receipts and Payments

Basic information: unified social credit code; enterprise name; economic type; industry type; currency of registered foreign capital; registered foreign capital; registered RMB capital; date of establishment; legal representative; enterprise telephone; identity card or passport number of the legal representative; registered address.

Other information: whether registered in a customs special supervision area (if yes, state the name of the area); whether a consignor or consignee of import and export goods registered with Customs; whether an integrated foreign trade service enterprise; whether a market procurement trade enterprise; whether a cross-border e-commerce platform; whether a commodity spot exchange; whether an enterprise exporting through overseas warehouses; postcode; fax; e-mail; enterprise contact person; mobile telephone; remarks.

Declaration: “This enterprise warrants that the information provided is true and accurate, that it will lawfully engage in foreign trade, that it will comply with the provisions of the foreign exchange administration regulations, and that it will accept and cooperate with the supervision and inspection lawfully carried out by the State Administration of Foreign Exchange.” Enterprise seal; signature or seal of the legal representative; date of application.

Annex 2 — Trade Foreign Exchange Business Registration Form

Fields: serial number; code and name of the foreign exchange authority with jurisdiction; enterprise name; enterprise code; contact person; contact telephone; category of registration; category of business; method of settlement; financial institution identification code; name of financial institution; currency; amount in figures; amount in words.

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Category of registration (tick one or more): Class B enterprise exceeding its quota; Class C enterprise (deferral of more than 90 days); Class C enterprise (other); special refund (not returned through the original channel); special refund (overdue); new forms of trade; other.

Category of business: receipt of foreign exchange; settlement; payment of foreign exchange; purchase of foreign exchange; other. Method of settlement: letter of credit; collection; remittance; other.

Registration by the foreign exchange authority: branch of the State Administration of Foreign Exchange, date. Handling by the financial institution: currency and amount of each transaction, declaration number, handling officer, date.

Validity: this Registration Form is valid until the stated date. Note: in principle the validity period of a Registration Form does not exceed one month.

Annex 3 — Materials for Handling Trade in Goods Foreign Exchange Registration Business

Where an enterprise applies to the foreign exchange authority of its locality for registration of trade foreign exchange receipts and payments as a Class B enterprise exceeding its permitted receipt or payment quota, or for deferred collection or deferred payment of more than 90 days (exclusive), or for registration of trade foreign exchange receipts and payments as a Class C enterprise, it shall submit the following materials:

1. A written application sealed with the enterprise seal, stating, among other things, the matter requiring registration, its specific content and the reasons for it;

2. Where settlement is by letter of credit or collection, the contract;

3. Where settlement is by advance payment or advance receipt of goods payment, the contract and the invoice;

4. Where settlement is by other means, the customs declaration form and the contract; where the goods are not declared to Customs, other evidentiary materials such as transport documents may be provided in place of the customs declaration form;

5. For business in which the entity receiving or making payment differs from the entity importing or exporting, depending on the circumstances, a donation agreement, a document issued by the relevant department evidencing division or merger, or other relevant materials;

6. Where deferred collection or deferred payment of more than 90 days occurs, the evidentiary materials supporting the need for deferral;

7. For the disbursement of export trade financing, the agreement concluded with the financial institution and the invoice;

8. Where the amount of foreign currency cash settled reaches the declaration amount prescribed for entry, the Customs Declaration Form for Luggage and Articles of Inbound Passengers of the People’s Republic of China endorsed by Customs.

Annex 4 — Notification of Classification Conclusion of the XX Branch of the State Administration of Foreign Exchange

Serial number. To (enterprise name):

In accordance with the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines on Current Account Foreign Exchange Business (2020 Edition) (Hui Fa [2020] No. 14) and the relevant provisions, and on the basis of the results of the verification of your business for the period from (date) to (date) and of your compliance with the foreign exchange administration and other relevant provisions, this authority proposes to make the following classification conclusion:

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□ The classification result of your entity is determined as: □ Class A; □ Class B; □ Class C, the period of Class B or Class C management in principle running for one year from the date of release of the classification conclusion.□ Cancellation of directory registration.

On receipt of this notification, please return the acknowledgement slip to this authority. If you object to the classification conclusion, you may state your case to this authority within the working days stated, counted from the date of receipt of this notification.

Hereby notified. XX Branch of the State Administration of Foreign Exchange, date. (Affixed with the “Current Account Foreign Exchange Business Supervision Seal”.)

Acknowledgement slip: “To the XX Branch of the State Administration of Foreign Exchange: (enterprise name) has received the Notification of Classification Conclusion numbered ____.” Signature of the legal representative or authorized person; enterprise seal; date.

Annex 5 — Risk Alert Letter of the XX Branch of the State Administration of Foreign Exchange

Serial number. To (enterprise name):

In accordance with (legal basis) and the results of the off-site verification of trade in goods foreign exchange receipts and payments, a relatively serious mismatch exists between your imports and exports of goods and your trade in goods receipts and payments for the period from (date) to (date). Please provide this authority with a written explanation of the reasonableness of the matter, together with the relevant materials, within 10 working days from the date of receipt of this letter. If the materials are not provided within the prescribed time, this authority will, in accordance with the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines on Current Account Foreign Exchange Business (2020 Edition) (Hui Fa [2020] No. 14) and other provisions, determine your classification result as Class B.

Contact person and telephone. Hereby alerted. XX Branch of the State Administration of Foreign Exchange, date. (Affixed with the “Current Account Foreign Exchange Business Supervision Seal”.)

Copy retained by the foreign exchange authority: On (date) a Risk Alert Letter numbered ____ was issued to (enterprise name). On (date) the enterprise submitted a written explanation and relevant materials to the foreign exchange authority. Processing result: □ The enterprise provided a reasonable explanation within the prescribed time limit and its classification result is Class A. □ The enterprise failed to explain the reasons or to provide supporting materials within the prescribed time limit and make a reasonable explanation, and on (date) its classification result was determined as Class B. Handling officer; reviewing officer.

Annex 6 — Verification Notice of the XX Branch of the State Administration of Foreign Exchange

Serial number. To (name of the entity or individual under verification):

In accordance with the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines on Current Account Foreign Exchange Business (2020 Edition) (Hui Fa [2020] No. 14) and the relevant provisions, and for the reason stated, this authority will verify the relevant business occurring or handled by your entity (individual) during the period from (date) to (date). The means of verification is:

□ Written report (to be provided to this authority within the stated working days from the date of receipt of this notice, by the following means);□ Interview with the legal representative or authorized person, the responsible person, or the domestic individual (during the stated period);□ On-site investigation (during the stated period);□ Other.

On receipt of this notice, please return the acknowledgement slip to this authority and make preparations for the verification.

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Hereby notified. XX Branch of the State Administration of Foreign Exchange, date. (Affixed with the “Current Account Foreign Exchange Business Supervision Seal”.)

Notice: when personnel dispatched by the State Administration of Foreign Exchange and its branches conduct an on-site investigation, they shall produce their law enforcement certificate of the State Administration of Foreign Exchange and the Verification Notice; where these are not produced, the person under verification has the right to refuse verification.

Acknowledgement slip: “To the XX Branch of the State Administration of Foreign Exchange: (name of the entity or individual under verification) has received the Verification Notice numbered ____.” Signature of the legal representative or authorized person, the responsible person, or the domestic individual; seal of the entity under verification; date.

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