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****Notice by the Guangdong Branch of the State Administration of Foreign Exchange of Issuing the Detailed Implementation Rules for the Pilot Program of the Reform of Foreign Exchange Administration for High-level Opening-up of Cross-border Trade and Investment in the Guangzhou Nansha New Area of China (Guangdong) Pilot Free Trade Zone****

(No. 1 [2022] of the Guangdong Branch of the State Administration of Foreign Exchange)

Central branches of the State Administration of Foreign Exchange in Guangdong Province, Zengcheng and Conghua branches; Guangfa Bank, Guangdong Rural Credit Cooperatives Union, Guangdong Branch of China Development Bank, policy banks in Guangzhou, state-owned commercial banks (branch business departments), China Postal Savings Bank, joint-stock commercial banks, head offices (branches) of city commercial banks, Guangzhou Rural Commercial Bank, foreign banks in Guangzhou:

In order to implement the spirit of the Sixth Plenary Session of the 19th CPC Central Committee and the decisions and deployments of the Party Central Committee and the State Council, promote the establishment of a new development pattern that focuses on the domestic cycle and promote the mutual promotion of domestic and international dual cycles, and further enhance the ability of foreign exchange management to serve the real economy, the State The State Administration of Foreign Exchange has decided to carry out a pilot reform of high-level open foreign exchange management for cross-border trade and investment in the Nansha New District of Guangzhou, China (Guangdong) Pilot Free Trade Zone. In order to ensure the orderly progress of the pilot work, the Guangdong Branch of the State Administration of Foreign Exchange has formulated the "Implementation Rules for the Pilot Program of High-Level Open Foreign Exchange Administration Reform for Cross-border Trade and Investment in the Guangzhou Nansha New District of the China (Guangdong) Pilot Free Trade Zone" (see attachment), Is issued to you, please follow. All central sub-branches of the State Administration of Foreign Exchange in Guangdong Province shall, after receiving this notice, forward it to the sub-branches and banks within their respective jurisdictions in a timely manner. This notice shall come into effect on the date of promulgation. Where the previous provisions are inconsistent with this notice, this notice shall prevail. In case of problems encountered during implementation, please report to the Guangdong Branch of the State Administration of Foreign Exchange in a timely manner.

Chapter I General Provisions

Article 1 In order to support the construction of the Guangzhou Nansha New Area of China (Guangdong) Pilot Free Trade Zone (hereinafter referred to as the pilot area), implement the "State Administration of Foreign Exchange's Regulations on Carrying out Cross-border Trade and Investment in Some Areas such as the Lingang New Area of the Shanghai Pilot Free Trade Zone" The Circular on the High-level Opening-up Pilot Program (Huifa [2021] No. 35) and other documents require the approval of the State Administration of Foreign Exchange to formulate these detailed implementation rules.

Article 2 The Guangdong Provincial Branch of the State Administration of Foreign Exchange (hereinafter referred to as the Guangdong Provincial Branch) is specifically responsible for supervising and managing the high-level open pilot business of cross-border trade and investment (hereinafter referred to as the pilot business) foreign exchange registration, account opening, fund transfer, foreign exchange settlement and sale , domestic and foreign currency data statistics and monitoring, etc.

Article 3 Pilot enterprises shall handle foreign exchange business in accordance with these implementing rules and relevant regulations; submit relevant data and information to foreign exchange bureaus in a timely, accurate and complete manner in accordance with relevant foreign exchange management regulations, and cooperate with supervision, inspection and investigation.

Banks should establish a sound internal control system, improve the authenticity and compliance review mechanism of the entire business process and handle business in accordance with the business development principles of "knowing customers", "understanding business", and "due diligence", and strictly fulfill the obligation of reporting data and abnormal and suspicious information .

Article 4 Pilot enterprises handling the pilot business stipulated in these detailed implementation rules shall have a real and legal transaction basis, and shall not use false contracts or other vouchers or construct transactions, and the foreign exchange business that should be handled through accounts according to law shall be handled according to the current regulations.

Chapter II Current Account Business

Article 5 Facilitate the receipt and payment of high-quality enterprises' current account funds. On the basis of earnestly performing due diligence on customers and other obligations, qualified banks (hereinafter referred to as “pilot banks”) may handle current account-related foreign exchange business for high-quality enterprises in the pilot area according to customer instructions.

Article 6 Support banks in optimizing new international trade settlement. Pilot banks are encouraged to innovate in financial services based on the strategic positioning and industry characteristics of the pilot regions, and independently handle new international trade foreign exchange receipts and payments that are true and compliant for enterprises in the pilot regions.

Article 7 Orderly expand the scope of enterprises for net settlement of trade balance netting. When an enterprise in a pilot area conducts foreign exchange business under the current account with an overseas counterparty, the pilot bank can handle the netting settlement for the enterprise in the pilot area, and declare the actual receipt and payment data and the restored data in accordance with the relevant regulations on the declaration of the balance of payments.

Article 8 The special remittance refund for trade in goods is exempt from registration. Pilot banks can directly handle the special remittance refund business for trade in goods for enterprises in the pilot area, and enterprises in the pilot area do not need to register with the foreign exchange bureau in advance.

Chapter III Capital Account Business

Article 9 Carry out the pilot program of foreign debt facilitation quota for non-financial enterprises. Relax the limit on the amount of foreign debt borrowed by non-financial enterprises in the pilot area, and allow small, medium and micro high-tech enterprises in the pilot area that meet certain conditions to independently borrow foreign debt within a certain amount according to the actual business needs of the enterprise.

Article 10 Carry out the pilot program of qualified foreign limited partners (QFLP). Simplify foreign exchange registration and allow them to carry out various investment activities in the country other than the special management measures (negative list) for foreign investment access (except investment in real estate companies and local government financing platforms) in the form of equity and debt.

Article 11 Carry out the pilot program of qualified domestic limited partners (QDLP), and allow them to carry out foreign equity and debt investments that comply with national policies and regulations.

Article 12 Under the principles of risk controllable and prudent management, moderately expand the subject scope and business types of external asset transfers in pilot areas. Pilot regional financial institutions are allowed to carry out external transfer of credit assets such as bank non-performing loans and bank trade financing assets in accordance with regulations (see Appendix 5 for detailed operation guidelines).

Article 13 Carry out the pilot project of the domestic and foreign currency integrated capital pool business of multinational companies in the pilot area, further facilitate the coordinated use of cross-border funds by multinational enterprise groups, and support and promote the economic development of the headquarters of the pilot area.

Article 14 Domestic reinvestment by foreign-invested enterprises is exempt from registration. On the premise that the current special management measures (negative list) for foreign investment access are not violated and the domestic investment projects are authentic and compliant, foreign-invested enterprises that carry out domestic equity reinvestment in the pilot area (not allowed to invest in real estate directly or indirectly) are subject to The investment company or equity transferor does not need to register for receiving domestic reinvestment, and the bank from which the funds are transferred can directly transfer the relevant investment funds into the foreign exchange capital account or capital account-foreign exchange settlement pending payment account of the invested enterprise or equity transferor. The use of funds must comply with the regulations on the use of RMB funds obtained from foreign exchange income under the capital account and foreign exchange settlement. The invested enterprise continues to develop domestic

Equity investment shall be handled according to the above principles. Where a foreign-invested real estate enterprise conducts domestic reinvestment, the invested enterprise or equity transferor shall handle the registration of receiving domestic reinvestment in accordance with the current foreign exchange management regulations.

Article 15 The foreign exchange business registration of qualified non-financial enterprises in the pilot area, such as overseas loans, foreign debts, cross-border guarantees, overseas listings, employee equity incentive plans, and overseas hedging, can be directly handled by banks within the jurisdiction of the Guangdong Branch, and Simplify related material requirements.

Article 16 Expand the scope of use of capital account income. Non-financial enterprises in the pilot area (excluding real estate enterprises and local government financing platforms) capital account income (including foreign direct investment capital, foreign debt funds, and funds raised from overseas listings) should in principle be used for their own use within the scope of business, and comply with the following regulations: Directly or indirectly used for expenses outside the business scope of the enterprise or prohibited by national laws and regulations; not directly or indirectly used for securities investment; not directly or indirectly used for construction, purchase of non-self-use real estate, or investment in real estate companies and local government financing platforms financing.

Cancellation of capital account - foreign exchange settlement and pending payment account management requirements. Non-financial enterprises in the pilot area (excluding real estate enterprises and local government financing platforms) can directly transfer the RMB funds obtained from the voluntary settlement of foreign exchange income under the capital account other than domestic reinvestment funds to the RMB account of the enterprise with the same name, and do not need to fill in the "Capital Account Funds" Payment Order Letter". The use of funds must comply with the provisions of the preceding paragraph and relevant foreign exchange management regulations. Enterprises that have already opened a capital account - foreign exchange settlement and pending payment account can continue to use the original account.

Article 17 Moderately relax restrictions on foreign debts, cross-border guarantees, overseas lending, direct investment and other business cross-border inflows and outflows of non-financial enterprises (excluding real estate enterprises and local government financing platforms) in the pilot area, and allow those with reasonable needs Enterprises can independently choose the currency of the signing, inflow and outflow links. Encourage the use of RMB in cross-border trade and investment.

Article 18 The upper limit of the overseas loan scale of non-financial enterprises (excluding real estate enterprises and local government financing platforms) in the pilot area shall be increased from 0.5 times of their owner's equity to 0.8 times of their owner's equity. If there is a major change in the situation of foreign exchange receipts and payments, the SAFE will conduct counter-cyclical adjustments by improving macro-prudential management.

Chapter IV Interim and ex-post supervision and risk prevention and control

Article 19 The State Administration of Foreign Exchange supervises financial institutions such as pilot enterprises and banks in accordance with the law, relying on the State Administration of Foreign Exchange’s capital account information system, foreign exchange monitoring system for trade in goods, cross-border capital flow monitoring and analysis system, etc., to comprehensively use statistical monitoring and analysis, Off-site inspections, on-site inspections, etc., strengthen interim and ex-post supervision, and prevent cross-border capital flow risks.

Article 20 The foreign exchange bureau may gradually improve and improve the content of the pilot business in accordance with the national macro-control policies, foreign exchange receipts and payments, and the development of the pilot business, and promote the pilot program of high-level opening-up of cross-border trade and investment in a smooth and orderly manner.

Article 21 The SAFE will closely track the development of the pilot business in its jurisdiction, actively strengthen communication and collaboration with local governments and relevant management departments, and jointly be responsible for risk identification, assessment, reporting, and response to the pilot business in the jurisdiction.

Article 22 The SAFE will work with relevant departments to establish and improve the risk prevention and control mechanism, continuously improve risk response, conduct risk disposal in a timely manner, strengthen public opinion monitoring and market expectation guidance, effectively prevent the impact of cross-border capital flows, and firmly guard against non-occurrence The Bottom Line on Systemic Financial Risk.

Chapter V Supplementary Provisions

Article 23 Pilot enterprises and financial institutions such as banks shall retain relevant documents and documents (including electronic documents) that fully prove the authenticity and compliance of the business involved for 5 years for future reference (unless otherwise specified).

Article 24 Where pilot enterprises and financial institutions such as banks commit violations of foreign exchange laws and regulations, the foreign exchange bureau shall punish them in accordance with the "Regulations of the People's Republic of China on Foreign Exchange Administration" and other laws, and suspend or cancel the pilot program stipulated in these implementation rules by relevant entities depending on the circumstances. business qualifications.

Article 25 These Implementation Rules shall come into force on the date of promulgation (the pilot business involved in Articles 14 and 15 will be implemented after the upgrade of the capital account information system of the State Administration of Foreign Exchange is completed), and matters not covered shall be implemented in accordance with the current regulations. Foreign exchange management regulations.