

Compulsive Forex Settlement Cancelled

Chinese version China's modified foreign exchange (forex) rules outlined that domestic institutions may retain their forex incomes, and at the same time, forex incomes may be deposited in other countries.

Previously, China implemented the compulsive forex clearing policies, where domestic institutions' forex incomes under the current item must be sold to designated forex banks, or be approved to open a forex account with the designated banks.

The modified Regulations of the People's Republic of China on the Administration of Foreign Exchange (Regulations) released on August 6 encourage the outflow of capitals, simplify the administrative examination and approval procedures of overseas direct investment, and increase to provide administration principles for overseas entities to raise fund domestically, domestic entities to invest in overseas securities and derivative product transaction and domestic entities to provide commercial loans to overseas entities.

Also, the new Regulations enhance the monitoring of the flow of cross-border funds and establish international balance urgency guarantee system.

(Source: Xinhua News Agency)

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