

## Appendix

### **Regulations on Management of Currency Exchange Agencies and Self-service Currency Exchange Machines**

#### Chapter I General Provisions

Article 1 To satisfy individuals' currency exchange demand for cross-border transactions, and standardize currency exchange agencies and self-service currency exchange machines with respect to the currency exchange business, the Regulations are hereby formulated in accordance with the *Regulations of the People's Republic of China on Foreign Exchange Administration* (Regulations on Foreign Exchange Administration), the *Measures for the Administration of Individual Foreign Exchange and other related regulations*.

#### Article 2 Definitions:

(1) "Currency exchange agency" refers to a domestic institution that signs an agreement with a domestic commercial bank (including rural cooperative financial institution) that is qualified for engaging in the individual foreign exchange settlement and sales business and its branches/sub-branches (banks) to obtain the authorization to provide RMB-foreign currency exchange services.

(2) "Self-service currency exchange machine" refers to a self-service machine that exchanges RMB for foreign currencies and vice versa.

(3) "Foreign currency" includes foreign currency banknotes and traveler's cheque.

Article 3 The head office of a bank shall develop management systems and risk control systems for its authorized currency exchange agencies and the currency exchange business through self-service currency exchange machines, and supervise its branches/sub-branches performing relevant management and guidance obligations.

Article 4 The State Administration of Foreign Exchange and its branches/sub-branches (foreign exchange authorities) shall supervise and manage the bank-authorized currency exchange agencies and currency exchange business by

self-service currency exchange machines in accordance with the law.

## Chapter II Management of Currency Exchange Agencies

Article 5 A bank can authorize a domestic institution that meets the following qualifications as its currency exchange agency:

(1) A domestic corporate legal person registered in the same city, or a non-independent legal person that obtains written authorization from its legal person and is registered with an industrial and commercial authority in the same city.

(2) Has a fixed business place.

Article 6 A domestic institution is allowed to sign an authorization agreement with only one bank to be its currency exchange agency. Any domestic institution that is disqualified by a bank from being its currency exchange agency for violations of regulations must conduct effective rectification before being reauthorized one year later.

Article 7 A currency exchange agency is allowed to exchange foreign currencies for RMB for any individual who presents a valid ID card, in the amount no more than the equivalent of RMB 10,000 per person per day and no more than the equivalent of RMB 50,000 per person per year. The currency exchange agency can also exchange the remaining RMB that was previously exchanged back for foreign currencies for foreign individuals in accordance with the *Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange*. The currency exchanges with a currency exchange agency will not be included in the individual foreign exchange business monitoring system for management.

Article 8 Where a bank authorizes a currency exchange agency to handle currency exchange business, the authorization agreement between the bank and the currency exchange agency and the business license of the currency exchange agency shall be presented to the local foreign exchange authority within 20 (twenty) working days after the agreement is signed.

Where a bank finds out violations of Article 6 by its currency exchange agency after

the authorization agreement is signed, the bank shall terminate the authorization immediately. Where the local foreign exchange authority finds out violations of Article 6 by the currency exchange agency, the authority shall immediately inform of the authorizing bank.

Article 9 A bank shall manage the business of its currency exchange agency as its internal business and request the agency to meet the following requirements:

(1) Mark "Authorized Currency Exchange Agency of XX Bank (name of the bank)" at an evident place in its business place.

(2) Publish exchange quotations in its business place.

(3) Have no less than two qualified talents who are trained by the authorizing bank to handle currency exchanges.

(4) Use the foreign exchange slips provided or recognized by the bank, and affix the bank's currency exchange agency seal after the slips are signed by customer and sealed by the handling person. The foreign exchange slips should be prepared with reference to the vouchers for the counter business of individual currency exchanges. A set of foreign exchange slips should be filled out simultaneously and they should be made in no less than three sheets, one for customer, another for the authorizing bank, and the other for the currency exchange agency as reference for accounting.

(5) The bank and the currency exchange agency shall keep the foreign exchange slips, and the duplicate of the customer's ID card for five years for future reference.

Article 10 A bank who finds out its currency exchange agency does business in violation of the Regulations shall require the agency to make rectification immediately, and shall disqualify the agency if the case is serious or the agency fails to make rectification within the prescribed timelimit. A bank who finds out its currency exchange agency is suspected of getting involved in foreign exchange margin trading shall disqualify the agency and report the results to the local foreign exchange authority immediately.

Article 11 A bank shall indicate the management requirements set forth in the Regulations on the currency exchange business in the authorization agreement, and specify that the bank and the currency exchange agency shall assume responsibilities

defined in Article 21 in case of violations of the Regulations by the agency.

Article 12 A bank who terminates currency exchange business with a currency exchange agency shall report it to the local foreign exchange authority and explain the reason within 20 (twenty) working days after the termination of the agreement. Where a currency exchange agency renews its business license for the change of name or business address, the bank shall report it to the local foreign exchange authority within 20 (twenty) working days after the new business license is obtained.

Article 13 A bank who is incapable of managing its currency exchange agencies shall terminate authorization.

Article 14 Any other institution with qualifications for the settlement and sales of foreign exchange which engages in the currency exchange business will be subject to management regulations otherwise formulated by the SAFE.

### Chapter III Management of Self-service Currency Exchange Machines

Article 15 A bank may install self-service currency exchange machines based on its business needs. Self-service currency exchange machines are allowed to exchange foreign currencies for RMB for individuals, in the amount no more than the equivalent of RMB 5,000 per person per day, and the exchanges will not be included in the individual foreign exchange business monitoring system for management.

Article 16 A bank that installs self-service currency exchange machines shall report the number and place of self-service currency exchange machines installed in the first half and the second half year to the local foreign exchange authority before the end of each July and the end of January of the following year respectively.

Article 17 A bank that installs self-service currency exchange machines to handle business shall comply with the following requirements:

- (1) The self-service currency exchange machine shall bear the bank's logo.
- (2) The self-service currency exchange machines shall be capable of identifying and recording an individual's identity, including name, nationality, and ID number.

(3) The self-service currency exchange machines shall be able to intercept the individuals on the "watch list", prohibiting them from trading on the machine.

(4) The self-service currency exchange machines shall record trading data transaction by transaction and permanently keep the electronic data.

Article 18 Any franchised individual currency exchange institution which installs self-service currency exchange machines shall refer to the management of the machines by banks.

#### Chapter IV Supplementary Provisions

Article 19 Banks and franchised individual currency exchange institutions shall enhance monitoring analysis and day-to-day management of currency exchange agencies and self-service currency exchange machine:

(1) Effective measures shall be taken against split settlement of foreign exchange by individuals through currency exchange agency and self-service currency exchange machines. Once identified, such cases shall be reported to the local foreign exchange authority;

(2) The business handled by currency exchange agency and self-service currency exchange machines shall be consolidated into the internal business of the bank for statistics declaration, in accordance with relevant regulations on foreign exchange administration.

Article 20 All foreign exchange authorities shall enhance day-to-day monitoring and management of local currency exchange agencies and self-service currency exchange machines:

(1) Require banks and franchised individual currency exchange agencies to fill out the attached statistical statement and submit it to the local foreign exchange authority and to the SAFE after summarization.

(2) Conduct offsite verifications of currency exchange agencies and self-service currency exchange machines and incorporate them into onsite inspection of banks.

Article 21 Any currency exchange agency that conducts foreign exchange business other than foreign exchange settlement and sales beyond the business scope will be punished in accordance with Article 46 of the Regulations on Foreign Exchange Administration. Where a currency exchange agency fails to provide service in accordance with the Regulations, the authorizing bank will be punished in accordance with Article 47 to Article 49 of the Regulations on Foreign Exchange Administration.

Article 22 Power to interpret the Regulations shall remain with the SAFE.

Attachment

**Business Statistical Statement of Currency Exchange Agency and Self-Service Currency  
Exchange Machines**

(      quarter of      )

Reporting entity:

		Currency exchange agency	Self-service currency exchange machine
	Number of agencies (machines)		
Domestic individual foreign exchange settlement	Number of transactions		
	Amount		
Domestic individual foreign exchange purchase	Number of transactions		
	Amount		
Overseas individual foreign exchange settlement	Number of transactions		
	Amount		
Foreign individual reverse exchange	Number of transactions		
	Amount		

Preparer:

Contact information:

**Notes:** 1. The statistics in the statement are collected by banks and franchised individual currency exchange agencies on a quarterly basis and reported to the local foreign exchange authority within 15 (fifteen) working days after the end of each quarter. 2. The figures are in ten thousands US dollars, rounded to two decimal places.